



# ***Daily Report—***

## **China**

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# Daily Report

## China

FBIS-CHI-88-221

### CONTENTS

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**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

### INTERNATIONAL AFFAIRS

#### General

Spokesman on Palestinian Independence Declaration	<i>[XINHUA]</i>	1
'Commentator' on Palestinian State	<i>[XINHUA]</i>	1
U.S. Position Unchanged	<i>[XINHUA]</i>	2
TASS Cited on Palestine	<i>[XINHUA]</i>	2
'Arafat on 'Historic Turning Point'	<i>[XINHUA]</i>	2
'Arafat Offers Challenge to U.S.'	<i>[XINHUA]</i>	3
Foreign Experts Discuss Economic Reform	<i>[XINHUA]</i>	3
UN Envoy on South Africa, Namibia Situation	<i>[XINHUA]</i>	4
UN Committee Adopts PRC-Initiated Resolution	<i>[XINHUA]</i>	4
UN Reaffirms Support for South Atlantic Peace	<i>[XINHUA]</i>	5

#### United States & Canada

Academics Say Criticism of U.S. Unauthorized	<i>[Hong Kong HONGKONG STANDARD 16 Nov]</i>	5
Bush Remarks on Deficit Help Lift Dollar	<i>[XINHUA]</i>	5
Brady Nominated Treasury Secretary	<i>[XINHUA]</i>	6
Li Xiannian Meets U.S. Group, Views Election	<i>[XINHUA]</i>	6
U.S. Firm Accused of Patent Infringement	<i>[CHINA DAILY 14 Nov]</i>	7
Sino-U.S. Joint Venture To Upgrade Fighter	<i>[AFP]</i>	7

#### Soviet Union

Soviet Union Speeds Up All-Around Reform	<i>[SHIJIE ZHISHI 1 Nov]</i>	7
Soviet Science Exhibit Opens in Beijing	<i>[Beijing International]</i>	9
Newspaper Views Gorbachev's Mankind Thesis	<i>[SHIJIE ZHISHI 1 Nov]</i>	10

#### Northeast Asia

Qin Jiwei Meets DPRK Army Delegation	<i>[XINHUA]</i>	12
DPRK Envoy Discusses Package Peace Program	<i>[Beijing Radio]</i>	12
Party Journal Praises South Korean Values	<i>[AFP]</i>	12
Article Views Joint-Japanese Economic Forum	<i>[RENMIN RIBAO 9 Nov]</i>	12
Japan To Raise Chinese Import Coal Price	<i>[Tokyo KYODO]</i>	15
Japan To Invest 500 Million Yuan in Cement Firm	<i>[CEI Database]</i>	15

#### Southeast Asia & Pacific

Premier Li Peng Continues Visit to Australia	15	
Li Visits Joint Iron Venture	<i>[XINHUA]</i>	15
Addresses Sydney Luncheon	<i>[XINHUA]</i>	16
'Newsletter' Report on Li Peng's Bangkok Visit	<i>[RENMIN RIBAO 11 Nov]</i>	16
XINHUA Commentary on SRV Troop Withdrawal	17	
Kampuchean Official Urges Vietnamese Pullout	<i>[XINHUA]</i>	18
ASEAN Officials To Discuss Cambodia	<i>[XINHUA]</i>	19

### Near East & South Asia

Iraqi First Deputy Prime Minister on Relations <i>[XINHUA]</i> .....	19
Kuwaiti Minister Hails Chinese Religion Policy <i>[XINHUA]</i> .....	19
Zheng Tuobin Feted United Arab Emirates Minister <i>[XINHUA]</i> .....	19
Interest Free Moroccan Loan Accord Signed <i>[XINHUA]</i> .....	19

### West Europe

EEC Official on Strengthening Economic Ties <i>[XINHUA]</i> .....	20
Sino-Italian Joint Venture Warplane Crashes <i>[Hong Kong SOUTH CHINA MORNING POST 15 Nov]</i> .....	20

### East Europe

Hu Qili Meets With Yugoslav Republic Delegation <i>[XINHUA]</i> .....	21
Rui Xingwen Receives Romanian Party Officials <i>[XINHUA]</i> .....	21
Article Views Hungarian Price Reform <i>[SHIJIE JINGJI DAOBAO 7 Nov]</i> .....	21

## NATIONAL AFFAIRS

Price of Satellite Launches May Be Raised <i>[Tokyo KYODO]</i> .....	23
Notes on Literature, Art Circles Congress <i>[RENMIN RIBAO 13 Nov]</i> .....	23
Xia Yan's Speech to Literary, Art Congress <i>[RENMIN RIBAO 15 Nov]</i> .....	24
Culture Minister on 'Opening Up' Policy <i>[Vienna PROFIL 14 Nov]</i> .....	26
Discussions on Reaction to 'He Shang' TV Program .....	27
Termed 'Spectacular Phenomenon' <i>[ZHONGGUO DIANSHI BAO 11 Aug]</i> .....	27
Evokes 'Strong Repercussions' <i>[Hong Kong WEN WEI PO 13 Nov]</i> .....	29
NPC Adopts Decision on Democracy, Legal System <i>[XINHUA]</i> .....	31
'Gist' of CPPCC Committee Work Detailed <i>[XINHUA]</i> .....	33
Wang Zhen Discusses Applying Party Policies <i>[RENMIN RIBAO 8 Nov]</i> .....	36
Government To Consider More Autonomy for Cities <i>[CHINA DAILY 12 Nov]</i> .....	37
Article Urges Property Rights Revolution <i>[SHIJIE JINGJI DAOBAO 24 Oct]</i> .....	38
* Xidian University Develops New Laser Diode <i>[WUXIANDIAN No 9, Sep 88]</i> .....	41
Delays Probable in Three Gorges Dam Project <i>[Hong Kong HONGKONG STANDARD 14 Nov]</i> .....	42
Hu Qili Rui Xingwen at Journalism Study Course <i>[XINHUA]</i> .....	43
Wan Li, Ding Guangen Inspect Tianjin Station <i>[Tianjin Radio]</i> .....	43
Rui Xingwen Meets Shanghai Writers in Beijing <i>[Shanghai Radio]</i> .....	43
PLA Reform Brings Better Service <i>[BEIJING REVIEW 7-13 Nov]</i> .....	43
Officials To Streamline Foreign Exchange Use <i>[CHINA DAILY 15 Nov]</i> .....	45
Economist Wu Jinglian on Price, Market Reform <i>[SHIJIE JINGJI DAOBAO 17 Oct]</i> .....	45
Report on Effects of Economic Retrenchment <i>[Hong Kong SOUTH CHINA MORNING POST 15 Nov]</i> .....	49
Competitions To Fill Vacant Posts 'Next Year' <i>[CHINA DAILY 12 Nov]</i> .....	50
Price Check Finds 'Millions' in Illegal Profits <i>[CHINA DAILY 11 Nov]</i> .....	51
Rong Yiren Explains CITIC Company Policy <i>[RENMIN RIBAO 9 Nov]</i> .....	51
Official Urges Cut Back in Hong Kong Firms <i>[Hong Kong HONGKONG STANDARD 12 Nov]</i> .....	52
Experts Call for Greater Central Bank Authority <i>[XINHUA]</i> .....	52
Trade Official Defends Mode of Export Licensing <i>[CHINA DAILY 14 Nov]</i> .....	53
Steel Recycling Brings Success, Problems <i>[CHINA DAILY 14 Nov]</i> .....	54
Government To Promulgate New Steel Regulations <i>[XINHUA]</i> .....	54
Agricultural Service to Countryside Declining <i>[CHINA DAILY 11 Nov]</i> .....	55
CPC Studies New Agricultural Policies <i>[Hong Kong LIAOWANG OVERSEAS EDITION 7 Nov]</i> .....	55
QIUSHI No 10 Table of Contents Published <i>[RENMIN RIBAO 14 Nov]</i> .....	57

## REGIONAL AFFAIRS

### East Region

Jiangsu's Han Peixin Attends Party Meeting <i>[XINHUA RIBAO 1 Nov]</i> .....	58
Jiangsu To Launch Personnel Management Magazine <i>[Nanjing Radio]</i> .....	59
Jiangxi's Mao Zhiyong Inspects Winter Planting <i>[JIANGXI RIBAO 5 Nov]</i> .....	59

Shandong People's Congress Meeting Opens 14 Nov	<i>[Jinan Radio]</i>	60
Conference on Shandong Grain Purchasing Work	<i>[Jinan Radio]</i>	60
Commentary on Shandong Rural Development	<i>[Jinan Radio]</i>	61
Shandong Holds Memorial Service for Fan Zhuxian	<i>[Jinan Radio]</i>	61
Zhejiang Leader Xue Ju at Theoretical Forum	<i>[ZHEJIANG RIBAO 2 Nov]</i>	62

#### Northeast Region

Sun Weiben at Heilongjiang Party Work Conference	<i>[Harbin Radio]</i>	64
Heilongjiang Theoretical Seminar Ends 26 Oct	<i>[HEILONGJIANG RIBAO 27 Oct]</i>	64
Harbin-Heihe Air Route Reopens in Heilongjiang	<i>[CEI Database]</i>	65
Activities of Jilin's He Zhukang Highlighted		65
Attends Congress Work Meeting	<i>[JILIN RIBAO 25 Oct]</i>	65
Visits Colleges, Universities	<i>[Changchun Radio]</i>	66
Jilin People's Congress Meeting Opens 14 Nov	<i>[Changchun Radio]</i>	67
Jilin Readjusts Communications Service Plan	<i>[Changchun Radio]</i>	68
Quan Shuren Gives Liaoning Punishment Directive	<i>[Shenyang Radio]</i>	68
Provincial Standing Committee Meeting Opens	<i>[Shenyang Radio]</i>	69
Liaoning Enterprises in Danger of Bankruptcy		
<i>[CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 14 Nov]</i>		69
Airports on Island, Border Completed in Liaoning	<i>[ZHONGGUO XINWEN SHE]</i>	70
Liaoning Oil Field Leading Heavy Oil Producer	<i>[XINHUA]</i>	70

#### TAIWAN

Commentary Views Zhao Ziyang 'On the Run, Again'	<i>[Taipei International]</i>	71
Commentary on 'Peking' Tightening Trade Rules	<i>[Taipei International]</i>	71
Official on Gradual Opening Up of Mainland Policy	<i>[Taipei International]</i>	72
Cabinet Undecided on Mainland Go Player's Visit	<i>[Taipei International]</i>	72
Commentary on Aid for Yunnan Earthquake Victims	<i>[Taipei International]</i>	72
Small Enterprises Hire Mainland Workers	<i>[CHINA POST 8 Nov]</i>	73
Government Rules Out 'Dual Recognition' Policy	<i>[CNA]</i>	73
Cooperation With South Africa To Strengthen	<i>[CNA]</i>	74
New Costa Rican Ambassador Arrives 10 Nov	<i>[CNA]</i>	74
National Assembly Delegation Visits Peru	<i>[CNA]</i>	74

**General**

**Spokesman on Palestinian Independence Declaration**  
*OW161114888 Beijing XINHUA in English*  
*1110 GMT 16 Nov 88*

[Text] Beijing, November 16 (XINHUA)—A Chinese Foreign Ministry spokesman today called the Palestine National Council's independence declaration and the founding of the state of Palestine "a historical option made by the Palestinian people and a major event in the fighting annals of the Palestinian people."

The spokesman noted that the 19th special session of the Palestine National Council held in Algiers adopted the "Independence Declaration" of Palestine and declared the founding of the state of Palestine.

"It marks the beginning of a new historical era for the Palestinian revolution," the spokesman said.

The spokesman extended China's congratulations on the "successful conclusion of the session" and expressed the country's appreciation of "the spirit of unity and cooperation of its delegates characterized by friendly consultations and seeking common ground while reserving differences."

"Having all along supported the just struggle of the Palestinian people and favored their enjoying national right to self-determination, to return to their homeland and establish an independent state," the spokesman added, "the Chinese Government and people fully respect the option made by the Palestinian people."

"We hold that the positive step taken by the Palestine National Council will contribute to the promotion of the peace process of the Middle East and the Israeli authorities should follow the historical trend by giving up their policy of aggression and expansion so that an equitable and overall solution to the question of the Middle East could be brought about at an early date.

"We wish that the Palestinian people will score even greater victories in their struggle for the realization of their own national rights and the friendship between the peoples of China and the state of Palestine will grow constantly," the spokesman said.

**'Commentator' on Palestinian State**  
*OW1511193688 Beijing XINHUA in English*  
*1651 GMT 15 Nov 88*

[**"Birth of Palestine State, Boost to Mideast Peace Process"**—XINHUA headline; by XINHUA commentator]

[Text] Beijing, November 15 (XINHUA)—With the adoption of the independence declaration of the 19th Palestine National Council (PNC) in Algiers today, the state of Palestine, long yearned for by Palestinians, has come into being.

Palestine Liberation Organization (PLO) Chairman Yasir Arafat described the event as "of strategic importance in the Middle East region and a victory for the will of the Arab nation."

The two PNC independence and political declarations say that the new state's approach to solving the Arab-Israel conflict is to be characterized by firmness and flexibility.

The independence declaration, accepting U.N. Resolution 181 to partition Palestine into Jewish and Arab states, affirms the right of the Palestinians to live on their own land, and also implies the recognition of the State of Israel.

This is a major concession made by the PLO in attempting to solve the Mideast question by convening an international conference with the PLO participating as an equal party.

The United States and Israel have insisted on PLO's recognition of Israel as a condition for PLO's participation in the meeting.

In its political declaration, the PNC accepted all U.N. resolutions related to the Palestine issue, including Security Council Resolution 242. This resolution calls for respect for the sovereignty and political independence of each country in the region, and for the withdrawal of Israeli troops from the occupied territories.

The declaration also repudiates all forms of terrorism, either committed by individuals or group of people or with states being involved.

It is widely known that the Palestine issue is at the core of the Mideast problem. Any solution to it cannot ignore the legislative rights of the Palestinian people. But for quite a long time, the United States and Israel have rejected dealing with the PLO under the excuse that the PLO is engaged in terrorism.

The positive attitudes and the flexibility shown in the declarations have not only won praises from the international community, but they have made the excuse more unreasonable. The new state will surely give impetus to the stalled Mideast peace process.

But the Likud Party, which is forming a new Israeli Cabinet, still firmly denies the existence of the Palestine state, and refuses to return the occupied land. This poses a major obstacle to the Mideast peace process, and makes it more difficult for a real solution of the Palestine problem.

**U.S. Position Unchanged**

*OW1611011388 Beijing XINHUA in English 0053  
GMT 16 Nov 88*

[Text] Washington, November 15 (XINHUA)—The United States today rejected a Palestinian declaration of establishing an independent state, saying the issue should be resolved by direct negotiation, rather than unilateral acts, among the parties concerned.

In a speech yesterday to a Palestinian National Council [PNC] meeting in Algiers, Yasir 'Arafat, chairman of the Palestine Liberation Organization (PLO), proclaimed an independent Palestinian state in the Israeli-occupied West Bank and Gaza Strip.

The establishment of the Palestinian state was brought about by 40 years of struggle of the Palestinian people for self-determination and nearly 12 months of uprisings in the Israeli-occupied territories.

The United States "would not support any unilateral action that purports to change the status of the occupied territories. This issue should be resolved by direct negotiations by the parties concerned," White House spokesman Marlin Fitzwater said.

At the State Department, spokesman Charles Redman said the status of the West Bank and Gaza "cannot be determined by unilateral acts of either side, but only through a process of negotiations."

"A declaration of independent Palestinian statehood is such a unilateral act," he said.

Fitzwater said the United States has not seen all the final documents approved by the PNC meeting and "it still is not clear just how specific the council has been on the major issues."

While admitting there have been "positive elements" to this meeting, Fitzwater said the United States position on the PLO is "unchanged."

"The United States will not recognize nor negotiate with the PLO so long as it does not recognize Israel's right to exist and does not accept United Nations Security Council Resolutions 242 and 338," he said.

"In addition, we see no place in the peace process for those who have not renounced terrorism and violence," he added.

Resolution 242, adopted at the United Nations after the 1967 War, calls for the "withdrawal of Israeli Armed Forces from territories occupied in the recent conflict," and respect for the "sovereignty, territorial integrity, and political independence of every state in the area."

Resolution 338, adopted during the 1973 Middle East war, calls on Israel and its Arab neighbors to carry out Resolution 242.

**TASS Cited on Palestine**

*OW1611050288 Beijing XINHUA in English  
1833 GMT 15 Nov 88*

[Text] Moscow, November 15 (XINHUA)—The session of the Palestine National Council that concluded today in Algeria is a meeting with true historical significance, for it declared the establishment of an independent Palestinian state, a commentary in the Soviet official news agency TASS said Tuesday [15 November].

TASS political commentator Albert Balibanov said in an article the statement issued by the Palestine National Council, recognizing 1967 U.N. Resolution 242 and condemning all forms of terrorism, "undoubtedly" bears a great political significance, for it has opened a prospect that Israel and the Palestine state will recognize each other in the future.

The decision by the Palestine National Council demonstrated the constructive attitudes of the Palestinian leaders and has created good conditions for the possible comprehensive settlement of the Middle East problem on the basis of consideration of the interests of all parties concerned, Balibanov said.

The decision has also cleared the obstacles set by the United States and Israel on the way to hold an international conference on the near Middle East issue, the commentary said.

It is time for Washington and Tel Aviv to make their contributions in removing those obstacles, a move which will eventually benefit the permanent political settlement of the Middle East problem, Balibanov concluded.

**'Arafat on 'Historic Turning Point'**

*OW1511173488 Beijing XINHUA in English  
1540 GMT 15 Nov 88*

[Text] Algiers, November 15 (XINHUA)—The 19th extraordinary session of the Palestine National Council [PNC] marks a historic turning point in the revolution of Palestinians, PLO Chairman Yasir 'Arafat told XINHUA early this morning.

In an exclusive interview after the conclusion of the session, 'Arafat said that Palestinians now are entering a new era in which they will start building their state.

The establishment of the Palestinian state is something for which Palestinians have been longing for generations, 'Arafat said. The PNC session will help bring to a new high the uprising in the occupied lands, he added.

'Arafat said the newly-proclaimed Palestinian state will exercise its rights and full responsibilities in the Arab world and international affairs, particularly in handling the political, military, administrative and civil affairs of Palestine.

He said that the PLO accepts the idea of an international Mideast peace conference based on U.N. Resolution 242 which was referred to in the political declaration of the session. However, he emphasized, the Palestinian national and political rights, including the right to self-determination, must be secured according to the U.N. Charter and U.N. resolutions on the Palestine issue.

He said the Palestinians would carry on their struggle in the occupied lands and continue to fight against Israeli occupation until the occupation ends and the full establishment of a Palestinian state on Palestinian land.

Efforts will also be made to convene an international Mideast peace conference early to get more support from friendly countries for the Palestinian cause, 'Arafat said.

"We are now contacting friendly countries. I referred the issue to Chinese leaders in Beijing, and I will visit other friendly countries," he said.

"Meanwhile, activities will be stepped up in the United Nations. Contacts will be intensified with the non-aligned, the European and socialist countries in order to pressure the United States into accepting the idea of convening the international Mideast conference," he said, adding he looked forward to a major role being played by China in this respect.

**'Arafat Offers Challenge to U.S.**  
*OW1611043688 Beijing XINHUA in English*  
*0249 GMT 16 Nov 88*

[“'Arafat: U.S. Turn of Efforts for Achieving Mideast Peace (by Wang Genbao)”—XINHUA headline]

[Text] Algiers, November 15 (XINHUA)—Chairman of the Palestine Liberation Organization (PLO) Yasir 'Arafat said today that with the PLO accepting the UN Resolutions 242 and 338, the ball has now been kicked into the American court in the effort for convening an international Mideast peace conference.

'Arafat was speaking at a press conference here after the Palestine National Council (PNC) ended its extraordinary session early this morning and proclaimed an independent Palestinian state.

He said that Palestinians' participation is a must for any international conference on Mideast.

"We ask for peace but we are not begging for peace. We are seeking for peace from a position of strength not weakness," 'Arafat declared.

The PLO has accepted the UN Resolution 242 but in the same time it demands a guarantee for the national and political rights of the Palestinian people, he added.

He announced at the press conference that Algeria, Saudi Arabia, Iraq, the United Arab Emirates, Democratic Yemen, and Mauritania have all officially recognized the Palestinian state.

The ceremony for laying the cornerstone for the building of Palestinian Embassy in Algeria, the first embassy of the state in foreign countries, was held this morning in Algiers, he declared.

Although the Palestinian state has been founded, the road ahead of the PLO is still long and the struggle in the future still calls for huge sacrifices, 'Arafat added.

"We are facing the more ferocious and fascist repression by Israel against our children and our people," he said.

However, the uprising in the Israel-occupied lands will continue until the occupation ends and the national flag of Palestine is raised on the soil of Jerusalem, 'Arafat declared.

**Foreign Experts Discuss Economic Reform**  
*OW1311045588 Beijing XINHUA in English*  
*1433 GMT 10 Nov 88*

[Text] Shenzhen, November 10 (XINHUA)—Foreign government officials and well-known scholars and experts attending an international symposium on China's economic reform here said that China has achieved a certain amount of success in combining a planned economy with a market economy in the past ten years of reform.

Experts from Great Britain, the United States, Japan, France, and the Soviet Union and other Eastern European countries noted that the ten years' reform has greatly promoted China's economy construction and improved its people's living standards.

They also pointed out, however, that protracted efforts are required to solve the unification of the planned economy and market economy, and that the reform could end up a failure if the present inflation is not curbed.

Douglas Scott, senior advisor of the Asian Department of the International Monetary Fund, said that the wide-ranging economic reforms implemented since 1979 have changed the nature of the economic system in China.

He said, "The reforms involve the relaxation of direct planning controls over prices, output and distribution, the decentralization of decision-making, and an increasing role for market forces."

He also said, "Urban reforms are less advanced, yet, state enterprises have been given greater autonomy in decision-making and granted increased freedom to operate outside the plans. Moreover, nonstate enterprises have become an increasingly important part of the Chinese economy."

Gregory Chow, a professor of political economy at Princeton University in the United States, said that "the combination of economic planning with market socialism or capitalism can make the economic system work about if not better than pure market socialism or capitalism," adding it may probably help ease the conflict between socialism and capitalism. [sentence as received]

"Economic planning exists in every economy," he continued. "In capitalist economies, macro-economic planning is prevalent, while government-directed activities affecting the micro-economy are less in evidence."

He also pointed out that China's 10-year reform has justified the superiority of the economic system with a mixed planned and market economy.

But, he said, "To make central planning effective, government-directed productive activities by state enterprises should be subject to the law of prices, and competition on an equal footing should be encouraged."

He also noted that "the substantial growth of the economy in the last decade does not guarantee future development, because there are negative factors which have cropped up. The economic momentum generated by the reform could possibly run out of steam, that of the reform in agriculture in particular."

The first secretary of the USSR Embassy in China said that the problem of the relationship between reform and development has become more and more striking. Agricultural development and economic efficiency deserve special attention, as they both are very important in the struggle to keep inflation down.

**UN Envoy on South Africa, Namibia Situation**  
OW1611075188 Beijing XINHUA in English  
0203 GMT 16 Nov 88

[Text] United Nations, November 15 (XINHUA)—China today urged South Africa to immediately implement the relevant UN resolutions calling for Namibian independence and criticized the Pretoria regime for its continued occupation of the southwest African territory.

Addressing the current session of the UN General Assembly, Chinese Ambassador Yu Mengjia said that the key of the settlement of the Namibian question lies in South Africa's implementation of relevant UN resolutions urging South Africa's withdrawal from Namibia and independence for the territory.

South Africa has ruled Namibia, also known as South West Africa, since the First World War and occupied that territory with about 50,000 troops. It has also refused to carry out a number of UN resolutions adopted over the past decades, denying the fundamental rights of the Namibian people to self-determination.

Yu said that if the South African authorities had implemented the UN resolutions, the Namibia question would have long ceased to exist, and Namibia would have become an equal member in the community of sovereign nations a long time ago.

The Chinese ambassador criticized South Africa's move to reinforce its colonialist and racist rule in Namibia, which he said does not accord with the spirit of the current four-party negotiations among the United States, South Africa, Angola, and Cuba.

The 4 countries are engaged in talks on a timetable for the withdrawal of about 50,000 Cuban troops from Angola, which has been put by the Pretoria regime as a precondition for the independence of Namibia.

Yesterday, permanent observer of the South West Africa People's Organization (SWAPO) Helmut Angula told the UN General Assembly that while Pretoria has been talking peace, it has simultaneously "poured into Namibia more of its occupation troops on an unprecedented scale."

The Chinese ambassador pointed out today that in view of South Africa's record in Namibia and its past failure to keep its words with respect to implementing UN resolutions, the international community must heighten its vigilance.

He urged the current General Assembly to adopt resolutions to condemn the South African authorities for their policy of apartheid and illegal occupation of Namibia, as well as their invasion and sabotage against other countries in southern Africa.

He called on the international community, especially those Western countries that have influence over South Africa, to maintain or impose effective sanctions against South Africa.

He also called on the international community to render still more assistance morally and materially to the Namibian people and other southern African countries.

**UN Committee Adopts PRC-Initiated Resolution**  
OW1611042688 Beijing XINHUA in English  
0057 GMT 16 Nov 88

[Text] United Nations, November 15 (XINHUA)—A China-initiated, 13-nation draft resolution calling for strengthening technical cooperation among developing countries in food and agriculture was unanimously adopted by the Second Committee of the General Assembly today.

The other 12 nations who cosponsored the draft resolution were Bangladesh, Canada, Cyprus, Egypt, Federal Republic of Germany, Mali, Mexico, Pakistan, Sierra Leone, Tunisia, Uruguay, and Yugoslavia.

Speaking in the Second Committee on behalf of all the cosponsors, a Chinese delegate pointed out three highlights of the draft resolution, namely: one, the importance of food and agriculture in the economic development of the developing countries; two, the significance of technical cooperation among developing countries in the field of food and agriculture; and three, the usefulness of tripartite cooperative arrangements, by which financial resources, appropriate technologies, and manpower are pooled together by international agencies, developed countries, and developing ones to assist recipient developing countries in their agricultural development.

The draft resolution urges the developed countries and the agencies of the United Nations system to provide financial and technical assistance to such programs in food and agriculture. Following its passage through the Second Committee today, the draft resolution is expected to be adopted by a plenary session of the General Assembly soon.

**UN Reaffirms Support for South Atlantic Peace**  
OW1611011588 Beijing XINHUA in English  
1903 GMT 14 Nov 88

[Text] United Nations, November 14 (XINHUA)—The U.N. General Assembly today adopted a resolution, reaffirming its support for the establishment of the Zone of Peace and Cooperation of the South Atlantic Region.

The resolution, adopted with a vote of 144 in favor, one against and seven abstention, calls on all U.N. member states to cooperate in the promotion of the objectives established in the Declaration of the Zone of Peace and Cooperation of the South Atlantic.

The resolution also urges all countries to refrain from any action inconsistent with those objectives, particularly actions which aggravate or may create situations of tension and potential conflict in the region.

The south Atlantic region, situated between Africa and South America, was declared as the Zone of Peace and Cooperation by the United Nations at its 41st session two years ago with the aim of promoting social and economic development and reducing military presence and tension in the region.

Addressing today's session of the General Assembly, Brazilian Ambassador Paulo Nogueira-Batista said that the establishment of the Zone of Peace and Cooperation affirmed the resolve of those countries to preserve their independence, sovereignty and territorial integrity, and to develop their relations under conditions of peace and freedom.

Brazil was the first country which asked the world body to declare such a zone in the south Atlantic region two years ago when South Africa and Chile, supported by the United States, were trying to set up a military pact in the south Atlantic region.

Nogueira-Batista said today that the ideals of the south Atlantic countries to promote peace and cooperation "can only be fully carried out with the support of the international community."

The United States, as it was in the past two years, was again the only country that voted against the resolution.

Noel L. Gross, U.S. alternate representative to the current U.N. session, said that the United States could not support the resolution because the document "would be inconsistent with the general recognized principles under international law of the freedom of navigation of the high seas and the right of innocent passage through territorial waters."

He also said that any attempt to establish an internationally recognized zone of peace should be accomplished through multilateral negotiations among relevant parties, rather than through a United Nations General Assembly resolution.

**United States & Canada**

**Academics Say Criticism of U.S. Unauthorized**  
HK1611014988 Hong Kong HONGKONG STANDARD  
in English 16 Nov 88 p 6

[Text] Beijing: An unusual attack on U.S. policy towards Taiwan published and then retracted by a Chinese magazine this month was the work of a controversial researcher and did not reflect official views, senior Chinese academics said yesterday.

Some senior members of the Chinese Academy of Social Sciences said the criticism of the United States by one of its researchers had not been authorised.

The researcher, in an article for the influential weekly magazine OUTLOOK, charged that the U.S. was trying to discourage Taiwan from its recent effort to improve relations with the mainland and that U.S. President Ronald Reagan had personally meddled in Taiwan politics.

**Bush Remarks on Deficit Help Lift Dollar**  
OW1611013888 Beijing XINHUA in English  
0039 GMT 16 Nov 88

[Text] Washington, November 15 (XINHUA)—Financial markets reacted favorably to assurances from President-elect George Bush Monday [14 November] that he will act with "urgency" to deal with the U.S. budget deficit, and will continue the Reagan administration's policy to stabilize the dollar.

According to U.S. press reports, in New York, the dollar closed at 123.75 Japanese yen and 1.7458 West German marks Monday, up from 122.70 yen and 1.7365 marks last Friday.

But some analysts and observers said Bush's remarks, while welcome, would not be enough to disperse the post-election worries of the markets about the direction of U.S. dollar policy in the incoming Bush administration.

Robert Hormats, vice-president of Goldman, Sachs and Company, said Bush's words will hold things together temporarily, but there must be specifics about how he intends to deal with the problems of the U.S. trade and budget deficits and the weak U.S. dollar.

Bush's comments, U.S. press reports said, came just in time, after last week's slides in the dollar and on the stock exchanges, when traders speculated that the administration wanted to see a lower dollar to reduce U.S. trade deficit.

Martin Feldstein, a prominent economist and a former Bush adviser, last week suggested a further drop in the dollar as the only means to narrow the troublesome U.S. trade deficit. His suggestion invoked new declining of the dollar.

The dollar's bouncing back Monday came with the help of moderate intervention by the Federal Reserve Board and the Japanese Central Bank. The dollar was also bolstered by supportive comments from White House spokesman Marlin Fitzwater, U.S. Treasury Secretary Nicholas Brady, Japanese Finance Minister Kiichi Miyazawa, and a spokesman for Federal Germany's Chancellor Helmut Kohl.

But some experts said that strategy had its limits. Henry Kaufman, president of Henry Kaufman and Company, warned that "stabilization of the dollar can't be accomplished just by swaps and intervention, it has to be accompanied by fundamentals."

C. Fred Bergsten, director of the Institute for International Economics, said the Bush statement calling for exchange rate stability was deficient because financial markets are generally skeptical that the U.S. trade deficit can be significantly reduced without a further drop in the dollar.

A major concern of analysts is the report that is due Wednesday on the September U.S. trade deficit. Evidence that the deficit has declined would be considered good news and likely would give the dollar a boost. Larger-than-expected deficit figures would likely send the dollar to slide down.

**Brady Nominated Treasury Secretary**  
OW1611041388 Beijing XINHUA in English  
0113 GMT 16 Nov 88

[Text] Washington, November 15 (XINHUA)—U.S. President-elect George Bush today announced his long-expected decision to nominate Nicholas Brady as treasury secretary of his administration.

Brady, treasury secretary of the Reagan administration for the past 2 months, is a long-time friend of Bush and a former investment banker who served briefly as appointed member of the Senate.

Brady also chaired a commission on the October crash that called for sweeping new controls over financial markets.

He is the second cabinet member in the Bush administration announced since the President-elect named James Baker as secretary of state the day after his election.

Bush has made it clear that the decisions of his economy policy team are of "top priority" and he would talk with congressional leaders on deficit issues even before his swearing-in on January 20.

Bush made the appointment following last Friday's sharp fall of the dollar, which dragged down stock prices as well, because of investors' suspicion over Bush's ability to deal with deficit issues.

**Li Xiannian Meets U.S. Group, Views Election**  
OW1211131388 Beijing XINHUA in English  
1042 GMT 12 Nov 88

[Text] Shanghai, November 12 (XINHUA)—Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference, met here today with a delegation from the U.S. Polynesian Cultural Center, which is in Hawaii.

Li, who visited the Polynesian Cultural Center during his 1985 visit to the United States in the capacity of president, briefed the Hawaiian visitors on China's changes in recent years, adding "we still have a lot of difficulties and problems."

Speaking of the recent U.S. presidential election, Li said "Mr. Bush is an old friend of the Chinese people. I congratulate him on his being elected as the next president of the United States."

Li said he believes that "Sino-U.S. relations will enjoy a further expansion."

**U.S. Firm Accused of Patent Infringement**  
**HK1411043688 Beijing CHINA DAILY**  
*in English 14 Nov 88 p 1*

[By staff reporter Zhu Youliang]

[Text] Digital Equipment Corporation (DEC) of the United States was accused last week of patent right infringement two days after it introduced a Chinese-English computer.

The product, named VT382, is equipped with five encoding systems, among which is a five strokes encoding system used for inputting Chinese characters. This is claimed to be part of a multi-language encoding system patented in China.

China Software Technique Corporation (CSTC) leveled the patent infringement accusation at a news conference.

By comparing the method of the multi-language encoding system with that of the five strokes encoding system used by DEC, CSTC told the news conference there was a sharp similarity between the two methods.

Li Jinkai, inventor of the multi-language encoding system, cited more than 100 Chinese characters that he said are the same in both encoding systems. He said "this is because the multi-language encoding system includes the five strokes encoding system."

Li pointed out that his method to encode according to the strokes of Chinese characters is patented in Britain. The application of the method by DEC in VT382 undoubtedly encroaches on his patent, for products VT382 are produced in Hong Kong, Li said.

CSTC wrote to DEC about two weeks ago, said Shao Daxun, president of China Software Technique Corporation. DEC said on Friday [11 November] that it would send someone to discuss with Li Jinkai a solution to the difficulties. Shao said that the last-minute response of DEC is appreciated.

**Sino-U.S. Joint Venture To Upgrade Fighter**  
**HK1411134088 Hong Kong AFP in English**  
*1316 GMT 14 Nov 88*

[Text] Hong Kong, Nov 14 (AFP)—U.S. military aircraft producer Grumman Corp. said here Monday [14 November] that it has formed a joint venture with China to upgrade a Chinese fighter plane.

China planned to sell abroad the new single-seat, single-engine aircraft called Super-7 as a "replacement for the American F-5, Soviet MiG-21 and Chinese F-6 and F-7 fighters," a Grumman statement released here said.

The statement said the new design would have "a variety of attack ordnance" in addition to its air-to-air missile primary fighter role.

It did not disclose the cost of the joint venture between Grumman and the China National Aero Technology Import-Export Corp.

Grumman and China anticipate future market potential for more than 200 Super-7 aircraft, each with a fly-away cost of less than 10 million U.S. dollars," the statement said.

**Soviet Union**

**Soviet Union Speeds Up All-Around Reform**

**HK1211030088 Beijing SHIJIE ZHISHI**  
*in Chinese No 21, 1 Nov 88 pp 18-19*

[Article by Xie Xiang (6200 5046): "Decisive Moves To Speed Up All-Around Reform in the Soviet Union"]

[Text] By drastically reorganizing the top leading bodies of the party and the Soviet, Mikhail Gorbachev has strengthened his own position and strength as well as that of the reformers in the hope of speeding up reform in the Soviet Union in an all-around way.

Soon after Gorbachev ended his routine vacation, drastic changes took place in the Soviet leading bodies. On 30 September and 1 October, the CPSU Central Committee and the USSR Supreme Soviet convened an extraordinary plenum and an extraordinary meeting respectively, at which considerable personnel changes were made in the party and state and the party's central leading organs were reorganized in a big way. The suddenness and swiftness of the event has drawn the close attention of the whole world.

**It Is Imperative To Make Readjustments**

The political "thunderstorm" has indeed come suddenly but it is by no means a coincidence. It has its objective necessity.

Since Gorbachev came to power 3 and 1/2 years ago, the Soviet reform has gained momentum and the reform program has become more consummate. At its April and June plenums in 1985, the CPSU Central Committee respectively defined the strategic concept for "speeding up socioeconomic development" and the basic principle for speeding up scientific and technological development. In 1986 the 27th CPSU National Congress laid down the political line for conducting "fundamental reforms" in the Soviet Union. In 1987, at its January plenum the CPSU Central Committee defined the cadre policy during the period of reform and made a major breakthrough in the basic theory of reform; at its June plenum it again approved a series of specific programs for economic restructuring. In 1988, at its February plenum, the party Central Committee studied the issue of educational reform and further defined its reform stand on a series of ideological issues; the 19th CPSU

Conference of party delegates held in June passed a complete set of tentative plans for political restructuring and the relevant resolutions.

However, these fairly consummate reform programs have not been satisfactorily implemented in practice. The reform did not bring the broad masses any tangible economic gains. Agriculture, food industry, light industry, housing construction, and other economic fields, which are directly related to the interests of the common people, did not improve as expected. Meanwhile, two particularly dangerous tendencies emerged in the state's ideological and economic fields. First, quite a few ideologically conservative people tried their best to slow down and reduce the scope of reform and even change its direction. Second, many officials, with vested interests in the state and local institutions, adopted a negative attitude toward the reform ideas and plans of the central authorities; they tried in every possible way to obstruct the reform and confused the people's minds by distorting the reform policy. For this reason, for a very long time, Gorbachev had to spend a lot of energy maintaining a balance between various political factions. This delayed the reform process and sustained the complicated reform situation for a fairly long time.

While inspecting work at Krasnoyarsk some time ago, Gorbachev personally heard people's complaints, censures, and denunciations. He noted that leading organs at all levels, from districts [qu 0575], areas [zhou 1558], and border regions [bian jiang qu 6708 3984 1558] to the country as a whole, did not have a sense of urgency concerning the people's demands and were not anxious to carry out their reform and development tasks. If this stagnating situation continues, all fruits of the reform would probably be forfeited. This sense of crisis forced Gorbachev to take decisive action to reorganize the leading bodies.

#### Reorganization of Leading Bodies at the Core

Unlike previous personnel changes, Gorbachev, on this occasion, explicitly put the will to speed up reform in a primary position and the question of maintaining a balance between various political forces in a secondary position.

In reorganizing the leading bodies at the core, Gorbachev placed new people of his choice in the most crucial and powerful posts, with Vadim Medvedev in charge of ideology, Aleksandr Yakovlev in charge of foreign affairs, Nikolay Slyunkov in charge of the economy, Georgiy Razumovskiy in charge of personnel, and Anatoliy Lukyanov serving as first deputy chairman of the USSR Supreme Soviet Presidium.

In these personnel changes, two kinds of people were demoted. The first were those who were old and who had taken an active part in formulating and implementing some erroneous policies during the Brezhnev period. Among them were Andrey Gromyko, Politburo member

and chairman of the Supreme Soviet Presidium; Mikhail Solomentsev, Politburo member and chairman of the CPSU Control Committee; Vladimir Dolgikh, candidate Politburo member and secretary of the Secretariat of the CPSU Central Committee; Petr Demichev, candidate Politburo member and first deputy chairman of the USSR Supreme Soviet Presidium; and Anatoliy Dobrynin, secretary of the Secretariat of the CPSU Central Committee and chief of the International Department of the CPSU Central Committee. The second were those considered to be taking a conservative stand toward the reform and were represented by Politburo members Yegor Ligachev and Viktor Chebrikov. In the past, Gorbachev adopted a fairly magnanimous attitude toward them. On this occasion, however, Ligachev, who was formerly in charge of ideology and personnel and was second only to Gorbachev in rank within the party, has been made to take charge of agricultural work. If we take into account that Politburo member Viktor Nikonorov, (who is Gorbachev's confidant), is also in charge of agricultural work, Ligachev's power has actually become even smaller. Although Chebrikov has been assigned to engage in legal building, he lost his original post as chairman of the Committee for State Security. If we take into account that the Supreme Soviet is the legislative organ of the state and that its two leaders are Gorbachev and Lukyanov, then Chebrikov has no real power in his hand. For this reason, Western public opinion suspects that Ligachev and Chebrikov are likely to withdraw from the CPSU leading bodies in the new future.

#### Reorganization of Party and Government Organs

Personnel changes are only part of Gorbachev's current decisive political actions. In fact, Gorbachev also simultaneously reorganized the party's central organs, which probably has far-reaching significance.

In line with Gorbachev's proposal, the CPSU Central Committee created six new functional committees in charge of personnel, ideology, economy, agriculture, foreign affairs, and legal affairs respectively. The committee chairmen are both Politburo members and secretaries of the Secretariat. Most other Politburo members and secretaries of the Secretariat also have a clear-cut division of work. This makes it possible to overcome structural defects in the organs of the CPSU Central Committee, namely, the frequent duplication of work in the Politburo and the Secretariat.

In the past, the CPSU Central Committee set up over 20 functional departments, including 10 economic functional departments. Most of these and government organs overlapped each other. It was the breeding ground of such malpractices as failure to separate party work from government work and the substitution of party work for government work. In the current reorganization and readjustments, the CPSU Central Committee set up only six departments respectively subordinated to the six functional committees. It is reported that the number of departments will be reduced by about 50 percent in

central organs. Later, the leading organs of CPSU committees in all union republics and areas will also be correspondingly streamlined.

The functions of the streamlined party affairs organs will be transferred to the corresponding legislative, executive, and judiciary organs. Thus, it is possible for the party to effectively exercise the portion of power belonging to it; with the expanded power in the hands of the state's legislative, executive, and judiciary organs, they can use their strengths in administering state affairs. In fact, this represents a major step forward toward the separation and mutual condition of powers among the party, the Supreme Soviet, the government, and the judiciary organs.

Some Soviet people take exception to the concentration of party and government powers in the hands of Gorbachev, chairman of the Supreme Soviet Presidium. In their view, this seems inconsistent with the principle of separating party work from government work put forward by Gorbachev himself. However, Gorbachev did not pass on to others what he was called upon to do, holding that it can help improve the political status of the Soviet, overcome the malpractices of the system under which the party monopolizes all power, and promote all-around reform in the Soviet Union.

Observers hold that by adopting these decisive actions to reform the political structure, Gorbachev is aiming at readjusting the central leading nucleus, removing reform obstructions to the greatest possible degree, and paving the way for further purging of conservative forces at the intermediate level; improving the efficiency of party affairs organs and strengthening the role of the Soviets, the government, and the judiciary departments; and eventually speeding up reform to attain the desired specific results.

**Soviet Science Exhibit Opens in Beijing**  
*OW1211045988 Beijing in Russian to the USSR*  
*1900 GMT 8 Nov 88*

[Text] Dear Soviet radio listeners. We now bring you a report from our correspondents on the opening of the Days of Soviet Science and Technology in the PRC festival and the USSR science and technology exhibition.

We Beijing Radio correspondents are presently in Beijing square where the events are being held. The solemn opening ceremony of the Days of Soviet Science and Technology in the PRC festival and the USSR science and technology exhibition are being held here. Today is 8 November and it is 1000 in the morning Beijing time. The ceremony's Presidium includes Song Jian, state councillor and minister in charge of the PRC State Science and Technology Commission; responsible officials of interested PRC bodies; Boris Tolstykh, head of the Soviet Government delegation, deputy chairman of the USSR Council of Ministers, and chairman of the

USSR State Committee for Science and Technology; members of the Soviet delegation; and Troyanovskiy, USSR ambassador to the PRC.

Comrade Mazurkov, chairman of the organization committee for the events, opened the ceremony. The USSR and PRC national anthems were played. Comrade Boris Tolstykh was the first to make a speech. He said:

[Begin Tolstykh recording] The Days of Soviet Science and Technology in the PRC, like the forthcoming Days of PRC Science and Technology to be held in 1989 in the USSR, are extraordinary occasions in the relations between our countries. The exhibition that is opening today on the 71st anniversary of the Great October Socialist Revolution, is one of the most representative exhibitions ever undertaken by our country abroad. [Words indistinct] establishment of scientific and technical contacts with our Chinese colleagues is the aim of the Soviet science and technology festival that is opening today. Its program is diverse and multifaceted. The Days of Soviet Science and Technology in the PRC, like the similar review of PRC achievements to be held in July next year in our country, will undoubtedly help (?satisfy) the growing interest of both countries in one another's science and technology achievements.

We hope that mutual acquaintance with national science and technology achievements will promote further expansion of mutually advantageous ties and will simultaneously promote accumulation of valuable experience in socialist construction and strengthen good-neighborliness and friendly ties between our countries' people. At the exhibition that is opening today we are striving to show the Soviet people's scientific and technical achievements and the possibility of developing fruitful and long term economic and scientific and technical cooperation with Chinese organizations. This includes establishing joint enterprises, scientific laboratories, and research centers.

To the participants of the Days of Science and Technology of the USSR in the PRC: On behalf of the Soviet Government, I cordially greet the participants and guests of the Days of Science and Technology of the USSR in the PRC. The organization of such an event on a mutual basis in the PRC this year and in the USSR in 1989 is gratifying to Soviet-Chinese relations. Each country's growing aspiration to know more about one another's lives promotes greater closeness between our peoples and strengthens mutual understanding and trust between them.

Feelings of respect and friendship for the Chinese people are manifest in our country. We are sincerely gladdened by the Chinese working people's achievements in the cause of socialist construction. The similarity of tasks being solved by the USSR and the PRC during the renewal process open broad opportunities for mutual exchanges of experience and cooperation between the two great socialist states.

We hope that the Days of Soviet Science and Technology in the PRC will give the Chinese people an opportunity to expand their ideas of how restructuring is proceeding in our country and about the work being carried out in the Soviet Union to accelerate scientific and technical progress and raise the efficiency of public production. This will serve to further develop Soviet-Chinese ties and exchanges in various spheres for the welfare of our people. We wish the PRC Government and all Chinese people great success in socialist construction, stable peace, and prosperity. Nikolay Ryzhkov, chairman of the USSR Council of Ministers. [end recording]

Comrade Song Jian then made a speech of greeting.

[Begin Song Jian recording in Chinese fading into Russian translation] First of all, permit me on behalf of our government to express warm congratulations on the occasion of the opening of the Soviet Days festival and exhibition. The Days of Soviet Science and Technology in the PRC are being held in accordance with a Chinese-Soviet Economic, Trade, and Scientific and Technical Cooperation Commission meeting decision on the mutual organization of days of science and technology. The governments and corresponding sides of our two countries pay great attention to the organization of these days.

Comrades and friends, we are very happy to see that in recent years cooperation between our two countries in economics, trade, science and technology, and culture has been steadily increasing. Next summer a similar Days of Science and Technology of the PRC festival will be held in Moscow. I am confident that these events will promote mutual understanding and exchanges between our scientists and specialists and will strengthen friendship between our two countries' people. It will also give a new impetus to bilateral cooperation and exchanges in science and technology, economics, and trade. In conclusion, I wish you great success in holding the Days of USSR Science and Technology. May Chinese-Soviet science and technology, economics, and trade cooperation develop further. [end recording]

Dear friends, the main events of the Days of Soviet Science and Technology festival are as follows: A USSR science and technology exhibition displaying important scientific and technical achievements from 17 spheres, such as new materials, power engineering, space exploration, communications and transportation, medicine, geology, and environmental protection; the appearance at the exhibition of 20 prominent Soviet scientists and specialists, who will deliver scientific reports and acquaint themselves with Chinese scientific research institutions and hold scientific exchanges with Chinese colleagues; and the screening of Soviet scientific and technical films.

Organizing Days of Science and Technology in one another's countries is one of the major undertakings in scientific and technical exchanges between the two countries in the past 20 years. They are of enormous significance for promoting mutual understanding between the

scientific and technical communities of the two countries. They will also deepen education and friendship between Chinese and Soviet colleagues and lead to mutual adoption of useful experience. The current Days of Science and Technology, an event that is rich in content and multifaceted in presentation forms, represents a good opportunity to open exchange channels and to promote trade and economic development.

The opening ceremony concluded at 1030. After the ceremony Song Jian and other Chinese comrades, accompanied by Tolstykh and other Soviet comrades, toured the exhibition.

**Newspaper Views Gorbachev's Mankind Thesis**  
HK1511024788 Beijing SHIJIE ZHISHI in Chinese No 21, 1 Nov 88 pp 15-16

[Article by Pan Peixin (3382 1014 2450): "After Gorbachev Proposed That 'The Interests of All Mankind Are Higher Than Class Interests'"]

**[Text] The Thesis That "the Interests of All Mankind Are Higher Than Class Interests" Has Aroused Intense Debates Both Inside and Outside the Soviet Union, and These Discussions Are Expected To Go on for Some Time.**

Gorbachev's thesis that "the value of mankind and mankind's survival takes precedence over all else" as advanced in the book "Reforms and New Thinking" has elicited strong reactions both inside and outside the Soviet Union. It was supported, defended, and further elaborated on by many scholars in the Soviet Union. However, there were also those who emphasized the other side of the issue. Doubts and dissenting opinions were raised by people within the international communist movement. The crux of the issue lies in understanding the relationship between the interests of all mankind and class interests.

Gorbachev cited Lenin's thesis as the basis of his own on the precedence of the interests of all mankind over class interests. He said: "In his theoretical and political expositions on the proletariat's revolutionary tasks, Lenin always exhibited great foresight and was able to move beyond the class category of revolutionary tasks. He repeatedly expounded the idea that the interests of all mankind are higher than class interests. It is only now that we have come to understand the profundity and totality of these ideas." Soviet scholars have pointed out that Lenin in his "A Draft Programme of Our Party" stated: "...from the standpoint of the basic ideas of Marxism, the interests of social development are higher than the interests of the proletariat; the interests of the working-class movement as a whole are higher than the interests of a separate section of the workers or of separate phases of the movement..." The scholars also quoted Marx: "...because for mankind, as in the animal and plant kingdoms, racial interests will always require the sacrifice of individual interests so that new paths

may be opened for the race itself. This is because of the harmony between racial interests and special individual interests." Gorbachev stressed that recognition of the precedence of the interests of all mankind over all else did not mean repudiation of class struggle nor of the class viewpoint. Dobrynin, CPSU Central Committee secretary, elaborated on this by saying: The historic mission of the working class is to emancipate all mankind. Yet they, along with the masses, suffer most from intensification of such global issues as the arms race, war, development, and so on. Thus, the working people should first be concerned with resolving problems affecting all mankind. For them, this is not only a demand posed by their class but also by all mankind.

Gorbachev cited World War II as an example, saying that "confronted by the fascist threat at that time, the common interests of all people and all countries were higher than the social and political differences between them. As such, these common interests served as the foundation for establishing an antifascist alliance "super system." Today, in the face of an even greater danger, countries with different social systems can and should work together for peace and for the resolution of man's common global problems."

However, some people in the international communist movement are concerned that recognition of the precedence of the interests of all mankind would put restrictions on class struggle and on national liberation struggle.

In a forum involving the editorial staff of the journal "Peace and Socialism Issues" and scholars from the CPSU Academy of Social Sciences in late 1987, the British Communist Party's (Halverson) said: I do not accept supraclass values. Capitalist states and socialist states do share common interests. However, Marxists should not propose certain general ideological problems. Barrios of the Salvadoran Communist Party said: To advance the thesis that the interests of all mankind are above all else is to steer class struggle into the domain of abstract humanism, where harmony in the positions of various social forces is fast taking precedence over the struggle for peace and socialism. (Makej) of the Egyptian Communist Party said: How can the interests of all mankind be integrated with class struggle? The working people, particularly working people in the Third World, are confronted by hunger, poverty, backwardness, and oppression; yet, at the same time, they have to accept that the maintenance of peace takes precedence over everything else. How can they do this? In Egypt, even leftist forces refuse to give priority to the struggle for peace for fear that it might undercut resistance to the Israeli occupying force. (Khrisnan) of the Indian Communist Party said: Isn't our interpretation of the value of all mankind often too abstract? For instance, social issues are of primary concern in the Third World and, generally speaking, these issues do not transcend class. In acknowledging that the survival of mankind is of the

highest precedence, communists do not contradict it with the struggle for democracy and social progress, but rather endeavour to more closely integrate these two tasks.

A signed article published in the Japanese Communist Party's AKAHATA on 10 July 1988 stated: "Raising the question of whether it is the interests of the working class or the interests of all mankind that should take precedence will ultimately set these two against each other. It should be pointed out that this line of thinking has serious flaws." The article further said: A viewpoint based on the precedence of the value of all mankind over everything else and on restricting class struggle "cannot strengthen the democratic consciousness and struggles of the people of the world. At the same time, it cannot alter the balance of power in the world." It maintained that "this is a matter that can lead to serious mistakes." On the other hand Hall, general secretary of the Communist Party of the United States, believed that the emphasis on first settling common issues confronting mankind carried shades of "opportunism" and "class collaboration".

#### **The Question of How To View the Nature of Contemporary International Relations Is Related to the Issue About the Precedence of the Interests of all Mankind Over Class Interests**

Shevardnadze, CPSU Central Committee Political Bureau member and the Soviet Union's foreign affairs minister, stressed that peaceful coexistence among countries with different social systems was not a special form of class struggle. Speaking at a Ministry of Foreign Affairs conference on 25 July this year, he said: "The struggle between two rival systems is not the more decisive trend in contemporary times. At present, the questions of decisive significance are: Whether or not it is possible to accelerate the rise in material wealth on the basis of advanced science and sophisticated technology and know-how; whether or not it is possible to distribute this wealth fairly; and whether or not it is possible to recover and safeguard through joint efforts the resources needed for the survival of mankind."

In a speech in Gorki City on 5 August this year, Ligachev, political bureau member and CPSU Central Committee secretary, stressed: "Our point of departure lies in the class nature of international relations. A different interpretation of this issue will only serve to confuse the people of the Soviet Union and our foreign friends. Active participation in the resolution of problems confronting all mankind definitely does not mean a certain artificial 'slowdown' in social and national liberation struggle."

One week later, Yakovlev, political bureau member and CPSU Central Committee secretary, pointedly stated in a speech: "Marxism itself looks at the common interests of all mankind from a historical point of view; from the point of view of the entire human development and not simply from the point of view of certain countries,

certain classes, certain people, and certain social organizations." "In our times, because the interests of mankind are not divided into abstract categories... because a simple push of a button could put an end to the history of all mankind, because any major global issue becomes an issue affecting the 5 billion inhabitants on earth, hence the common interests of mankind become a matter of flesh and blood."

Apparently, the thesis that the interests of all mankind takes precedence over everything else has not been universally accepted and debate on this issue will continue for some time.

### Northeast Asia

#### **Qin Jiwei Meets DPRK Army Delegation** *OW1511143388 Beijing XINHUA in English 1303 GMT 15 Nov 88*

[Text] Beijing, November 15 (XINHUA)—General Qin Jiwei, a member of the Communist Party's Political Bureau and defence minister, met a visiting delegation of the Korean People's Army headed by Lt. General Ho Kuk-song here this afternoon at the Great Hall of the People.

Earlier this afternoon, General Chi Haotian, chief of the General Staff of the People's Liberation Army, also met the Korean delegation.

Since November 2, the Korean armymen have visited Beijing, Hangzhou, Nanjing, Shanghai and Chengdu. They will go home on November 16.

#### **DPRK Envoy Discusses Package Peace Program** *OW1411132188 Beijing Domestic Service in Mandarin 1030 GMT 14 Nov 88*

[From the "National Hookup" program]

[Text] Chu Chang-chun, ambassador of the DPRK to China, held a news conference for Chinese and foreign reporters at the embassy this morning on a package peace program to promote independence, peace, and unification of the fatherland.

Chu Chang-chun said: The package peace program includes plans for realizing consolidated peace on the Korean peninsula, phased withdrawal of U.S. Armed Forces, disarmament in both the north and the south, and easing of current political and military confrontation between the north and the south.

He pointed out: This proposal is the most reasonable and feasible peace program to ease the tit-for-tat confrontation and tension between the north and the south and guarantee consolidated peace on the Korean peninsula.

All this will bring to the people as a whole a new hope for the independence, peace, and unification of the fatherland and in turn will contribute to peace in Asia and the world.

#### **Party Journal Praises South Korean Values** *HK1611042688 Hong Kong AFP in English 0345 GMT 16 Nov 88*

[Text] Beijing, Nov 16 (AFP)—An official communist party magazine has praised South Koreans for their politeness and sense of civic duty and urged the Chinese to follow their example.

"The South Koreans still cherish precious values which China has lost," said the fortnightly QIUSHI, the communist party's theoretical magazine.

In Seoul, everyone is polite, the magazine said, and while the Chinese clamour for foreign goods, the South Koreans are happy to buy products from their own factories.

"South Korean ministers set the example. They are proud of their country's production," QIUSHI added in an apparent criticism of Chinese officials frequently seen driving around Beijing in imported cars.

A journalist from the magazine said that during the nine days he was in Seoul during the Olympic games this year, he used nothing but South Korean cars.

They had never broken down and were every bit as good as Western vehicles, he added.

"While South Korea was undergoing an economic take-off in the 1960s and 1970s, the 'three red flags' were flying over the Chinese continent," he said, referring to political movements introduced by Mao Zedong such as the disastrous Great Leap Forward and the Cultural Revolution of 1966 to 1976, which caused major economic setbacks.

#### **Article Views Joint-Japanese Economic Forum** *HK1211084488 Beijing RENMIN RIBAO in Chinese 9 Nov 88 p 2*

[Article by RENMIN RIBAO reporters Dai Yuqing (2071 3768 1987) and Li Hexin (2621 0735 0207): "Frank and Beneficial Exchanges—On the Third Sino-Japanese Economic Symposium"]

[Text] The Chinese are reserved and the Japanese are etiquette-conscious.

However, the exchange of views between people from China and Japan attending the Third Sino-Japanese Economic Symposium sponsored by RENMIN RIBAO and the Japanese Economic News Agency on 3-4 November seemed to be quite frank.

**The Japanese side doubted whether its policies would again "change" when China was endeavoring to improve its economic environment and effect economic contraction.**

**To dispel doubts, the Chinese side stated: The current move to "improve the economic environment" will help better implement the policy of opening up to the outside world and better absorb foreign investments.**

Even at the stage of making preparations for the symposium, these reporters noted the worry expressed in the draft speech submitted by Mr Kazuo Haruna, one of the main speakers from the Japanese side that "it is speculated that China will impose some restrictions on foreign investments during the readjustment period." At the start of the symposium, this noted Japanese entrepreneur and chairman of the board of directors of the Marubeni Corporation aired his view:

"In the 10 years since 1978, China's economic readjustment in the early 1980's, its expanded trade deficits in 1984-85, and its tightening of the money supply in 1986—in particular, the recent decision on economic readjustment—made overseas people feel that there was too drastic a swing in China's policies concerning 'opening up' and 'tightening up.' This has served nothing but has worried foreign investors."

Mr Haruna's worries were representational. To this, Guo Dongbo, one of the main speakers from the Chinese side and vice chairman of the China Council for Promotion of International Trade, pointed out: "The Chinese Government has pronounced: While adhering to the orientation of reform and opening up to the outside world, China is now endeavoring to improve its economic order to curb inflation. This move will help create a sound environment for rather than influence China's opening up to the outside world." At the same time, speakers from the Chinese side also maintained: The argument that economic readjustment will not influence foreign investments in the least is a one-sided view. What China needs is investment in basic industrial projects and adequate control will be imposed on investment in nonproductive projects like high-class hotels.

In fact, the harm brought by an overheated economy and inflation is not confined to just Chinese enterprises. Economic readjustment will help take the heat out of a steamy economy and save some raw and semifinished materials, energy, and transport carrying capacity and use them to better support the sound development of joint ventures, cooperative enterprises, and wholly foreign-owned enterprises.

This view was well accepted by our Japanese friends. Akira Harada, senior executive adviser to the Matsushita Electric Industrial Corporation, contended: If not curbed, inflation will quicken the invisible loss of the assets of joint ventures, cooperative enterprises, and wholly foreign-owned enterprises. Moreover, as production costs of enterprises are disturbed by inflation, it will

be difficult to carry out production as originally planned. He sincerely hoped "the various policies currently adopted by the Chinese Government a success."

Mr Shi [1395] Inouye, governor of the Bank of Tokyo, gave well-meaning advice, hoping that the Chinese people can use for reference the postwar experience of the Japanese in practicing strict economy and increasing savings deposits. He said: Fostering a common practice of not spending money indiscriminately and wastefully in society is of "extreme importance" in checking inflation.

**The Japanese side stated: It must be acknowledged that there has been some improvement in China's investment environment but it is still not ideal. Therefore, some Japanese enterprises have "to wait and see."**

**The Chinese side stressed: We have taken note of the opinions of Japanese businesspeople and are continuing efforts in improving our investment environment. However, Japanese businessmen should have a comprehensive analysis and appraisal of our investment environment.**

Present at the current symposium were representatives of some enterprises and economic departments from all parts of China. Their feelings seemed to be fairly identical. The representatives either from Dalian in the north or Fujian and Guangdong in the south gave blunt criticism, saying that Japanese enterprises were a bit over-cautious in investing in China. This opinion was directly discussed at the current symposium.

According to the statistics released by the Japanese side, by the end of 1987 Japan's accumulated investment in China totaled \$1.7 billion, which represented only 1.2 percent of its total overseas investment. In addition, according to the statistics provided by the Chinese side, by the end of last March the investment volume of the 451 Japanese-funded enterprises in China, including joint ventures, cooperative enterprises, and wholly owned enterprises, accounted for 4.16 percent of the total volume of foreign investment in China. Moreover, Japanese investment was concentrated on hotel and other tertiary industries. These figures are not in balance with the situation of the economic exchanges between China and Japan as expected.

Wang Deyan, governor of the Bank of China, frankly pointed out: "Japan is still in the stage of less animation or in the primary stage of investing and conducting technological cooperation in China."

The explanations given by the Japanese side to this situation were on the whole the same as those they made in the previous two symposiums, that is, they criticized: "China's investment environment is poor" and "China lacks investment magic." Of course, some friends objectively pointed out: Indeed there has been some improvement in China's investment environment compared with 2 years ago.

Some people explained: All Japanese enterprises are privately run. Different from government loans, nongovernmental investment cannot afford just to talk friendship without profit making. If there are better investment sites in other countries than China, it is only natural that enterprises will move to those countries.

Mr Haruna pointed out: The reason behind the above-mentioned figures is that Japan has invested in China for only 10 years and it has a history of 30 years in investing in other countries and regions.

Nevertheless, speakers from the Chinese side presented such a fact for the attention of the Japanese side that most West European and American enterprises are also privately run and they have also invested in China for just a short time but in the face of the same investment environment, they have greater courage and enthusiasm in this regard. Some people said that not long ago, a Chinese automobile enterprise sought cooperation with a Japanese automaker but the latter evaded with the excuse that "China has not had the basic conditions for developing an auto industry." In fact, the Chrysler Corporation of the United States and the General Motors Corporation of the FRG have started off before others.

At the symposium, the Chinese chairman cited the survey report by the research institute of the Japanese Mitsubishi Corporation, which stated that if the best investment environment is rated as 100, China gets 80, placing itself ahead of Asia's "four little dragons" and the "ASEAN" nations. This is because China offers better conditions in such areas as labor prices and treatment of foreign enterprises.

Apparently, how to make a comprehensive appraisal of China's investment environment has become a major issue facing Japanese enterprises, an issue that needs a definite judgment.

The Chinese side asked: Japan has apprehensions about technological transfers to China. Does it worry that China's mastery of advanced production means will adversely affect Japan's status?

The Japanese side explained: Indeed there are people in Japan who are worried about the "boomerang" effect but they are enthusiastic in exporting technology to China. It is hoped that Chinese enterprises will do more evaluations of the value of technology.

In May 1987, the Japanese Ministry of International Trade and Industry fined the Toshiba Machinery Corporation on the grounds that it exported large-sized numerically controlled machine tools to the Soviet Union by violating the embargo stipulations of the "Paris-based Coordinating Committee for Export Control" and banned it from making exports to 14

countries including the Soviet Union, Eastern Europe, and China. As a consequent, the 25 contracts which the corporation signed with our country were stranded.

Today the shadow of the "Toshiba Incident" is still around. Feng Zhaogui, fellow researcher at the Chinese Academy of Social Sciences, pointed out: The embargo stipulations of the "Paris-based Coordinating Committee for Export Control" are the product of the "cold war" years and should have been abolished earlier. Japanese officials and people should not keep their technology away from China using the "Paris-based Coordinating Committee for Export Control" as an excuse. Not long ago, Japan entered minicomputers used by its middle school students into the embargo list. This is bewildering. Recently the "Paris-based Coordinating Committee for Export Control" has quietly relaxed its embargo stipulations but some Japanese enterprises are still reluctant to transfer their technology and even indicated that they would "wait and see" with regard to the transfer of some medium and low technologies which are already 20 years behind.

Ji Chongwei, executive director of the Economic, Technological, and Social Development Research Center under the State Council, maintained: As a country small in terms of natural resources, Japan should build itself by relying on technology. Therefore, Japanese feelings are understandable. However, China just hopes to get some applied technologies rather than insisting on getting its state-of-the-art technologies. Moreover, these technologies have been transferred to Asia's "four little dragons." Japan's worry that if China has access to advanced production means and becomes powerful, this will weaken Japan's position serves as a major psychological barrier affecting the economic and technological cooperation between China and Japan. Recently the Japanese media reflected the following viewpoint: East Asia in the 1990's must be characterized by a wild goose-shaped "East Asian Economic Ring" with Japan as the "head" bringing along Asia's "four little dragons" and "ASEAN" nations on its two flanks." What merits attention is that China is excluded from the pattern in which a flock of wild geese are flying high.

When asked by the Chinese side to explain the above viewpoint, Shi Inouye expressed "shock" over such a viewpoint. He said: Neither does Japan just intend to establish an East Asian economic ring nor does it want to become the economic leader of East Asia. What Japan means by the "economy of the Pacific basin" includes both Asian countries in the western Pacific rim and Latin American nations in the eastern Pacific rim, and China is naturally included. He sincerely asked the Chinese side to "dispel misunderstanding."

Kazuo Haruna contended: When it comes to technological transfer, indeed some people in Japan are worried that it will have a "boomerang" effect in some countries but that is not the case with China, just as Prime

Minister Noboru Takashita stated that the objective of Japanese-Chinese economic cooperation was to promote China's modernization program.

Akira Harada explained: Japan is enthusiastic in transferring technology to China but in some specific business activities, worries about how to evaluate technological secrets and how to prevent leakage of secrets to third parties did affect the smooth progress of technological transfers.

During the afternoon of the closing day of the Third Sino-Japanese Economic Symposium, Zhao Ziyang, general secretary of the CPC Central Committee, met the principal symposium participants from both sides. He asked Akira Arai, director of the Japanese Economic News Agency: "Is each of the three symposiums better than its preceding one?" In reply, Akira Arai said: "That's the case. Both sides are becoming more frank and sincere and they no longer rigidly adhere to civilities."

Both sides shared the feeling that it was beneficial to exchange views frankly and to exchange different views with an aim to knowing each other's views and without forcing one to accept the other's views.

**Japan To Raise Chinese Import Coal Price**  
OW1211144288 Tokyo KYODO in English  
0750 GMT 10 Nov 88

[Text] Tokyo, Nov. 10 KYODO—The Japan Coal Development Co. announced Thursday an agreement with China's National Coal Import and Export Corp. to raise the fiscal 1988 import price of Chinese steaming coal by 18.9 percent per metric ton over the previous fiscal year to 35.10 dollars on a free-on-board (fob) basis.

At the same time, the Japanese company, owned 10 percent by Japanese electric power firms, agreed to take delivery of 2.4 million metric tons of the Chinese coal in the current fiscal year ending next March, the same amount as in the previous fiscal year.

The negotiations for the price of Datong coal for shipment in fiscal 1988 have been delayed due to protracted coal talks with Australia.

Japanese coal users agreed last September to take delivery of Australian coal at 35.65 dollars per metric ton for shipment in fiscal 1988, up 21 percent over a year earlier, also on the fob basis.

In terms of disparities in base caloric value, the Datong coal is 1.08 dollars cheaper than the Australian counterpart.

**Japan To Invest 500 Million Yuan in Cement Firm**  
HK101114288 Beijing CEI Database  
in English 10 Nov 88

[Text] Beijing (CEI)—China and Japan will jointly invest 500 million yuan to build a cement factory with a designed daily production capacity of 4,000 tons in Dalian, Liaoning Province.

According to an agreement signed recently, Japan's investment accounts for 51 percent of the capital.

Since 1978, China has introduced some 160 items of technology and production lines related to building materials industry from Japan. Beijing, Guangzhou and Zhuhai have also signed agreements with Japan on purchasing production lines for making ceramics, insulation board and glass fibers.

Meanwhile, China's export of building materials to Japan has been on the increase. It amounted to 200 million U.S. dollars last year. One-third of China's export of non-metal products such as talcum, ceramics and stones are sold to Japan. It is estimated that 85 percent of the talcum at the Japanese market is from China.

## Southeast Asia & Pacific

**Premier Li Peng Continues Visit to Australia**

**Li Visits Joint Iron Venture**  
OW1511224688 Beijing XINHUA in English  
1458 GMT 15 Nov 88

[Text] Sydney, November 15 (XINHUA)—Chinese Premier Li Peng today visited the Channar iron ore joint venture in the Pilbara region, Western Australia, and praised the place for its rich resources and good construction conditions.

Li, who flew to the major iron ore mining area in Australia from Perth, inspected the construction site of the iron ore project and inquired about the facilities to be installed and mining conditions there.

"The place enjoys rich resources and excellent conditions for construction," the premier told reporters at the end of the visit. "I hope the project will be a success."

The Channar project, a joint venture between the China Metallurgical Import and Export Corporation and Australia's Hamersley Iron Pty. Ltd., boasts an ore body extending 11 kilometers with deposits estimated at 200 million tons which are of high grade, containing more than 60 percent of iron.

China holds 40 percent of the joint venture's shares, making it one of the biggest Sino-foreign joint ventures abroad.

Such a big Chinese participation in the project is "because of our steady need" for iron ores, Premier Li said.

All the ores to be produced by the mine will be sold to China, mainly to its Baoshan iron and steel works in Shanghai.

Li's visit took place on the eve of the first anniversary of the signing of the contract on the iron ore project, whose construction is scheduled to be completed at the end of next year.

Australia is the second largest iron ore exporter in the world, next only to Brazil, and the Pilbara region, some 900 kilometers from Perth, accounts for more than 90 percent of the total iron ore deposits in the country.

Before touring the construction site, Premier Li unveiled a plaque in commemoration of his visit, which Mick O'Leary, Hamersley's managing director, described as a "milestone" in the history of the Channar iron ore mine.

After the mine tour, the Chinese premier flew in to Sydney on the east coast to continue his visit to Australia.

Li arrived in Perth from Bangkok yesterday on the second leg of a three-nation Asia-Pacific tour, which will also take him to New Zealand.

#### Addresses Sydney Luncheon

OW1611110288 Beijing XINHUA in English  
1031 GMT 16 Nov 88

[Text] Sydney, November 16 (XINHUA)—Visiting Chinese Premier Li Peng and State Premier Nick Greiner of New South Wales expressed their confidence that the mutually beneficial cooperation between China and New South Wales will be further expanded and consolidated.

Speaking at a luncheon hosted by Greiner in his honor at the Sydney Opera House here today, Li said he is happy to see the extensive contacts and cooperation in the fields of economy, trade, culture, science and technology between New South Wales and China's Guangdong Province, which established sister relationship in 1979.

Yet, he noted, "Many other areas in which China and New South Wales may enter into cooperation remain to be opened, and China may draw useful lessons from New South Wales' advanced agricultural and animal husbandry, industry and mining, and much of the other advanced technology."

Greiner told Li that a good basis for a solid and lasting economic relationship between China and Australia is that the former is rich in human resources while the latter in natural resources and technology.

New South Wales, which has a strong and diversified industrial base and established technical and technological expertise, is especially well placed in helping China in its modernization drive, he added.

China's open policy is important, he said, because no country can expect to realize its goals alone or in isolation. "In a sense, Australia-China relations are an excellent example of how countries, despite political and cultural differences and different levels of economic development, can still come together and forge a warm friendship," he said.

The state government will organize a technology fair in Guangzhou, capital of Guangdong Province, to display New South Wales' products with market potential in China next year, the 10th anniversary of the sister-state relationship with Guangdong, according to Greiner.

China is Australia's fourth largest export market, and Australia is the eighth biggest trade partner of China.

Before the luncheon, Li and Greiner held a 50-minute meeting at the Parliament House of New South Wales. During the meeting they expressed satisfaction over the development of Sino-Australian friendly ties since the two countries established diplomatic relations in 1972. Li Peng arrived here Tuesday [15 November] to continue his six-day official goodwill visit to Australia. Australia is the second leg of his three-nation, two-week visit that has already taken him to Thailand. He will also travel to New Zealand.

#### 'Newsletter' Report on Li Peng's Bangkok Visit

HK1611020788 Beijing RENMIN RIBAO  
in Chinese 11 Nov 88 p 6

[("Newsletter From Thailand" by RENMIN RIBAO reporters Wang Rongjiu (3769 2837 0036) and Liu Aicheng (0491 1947 2052): "Relatives Are Closer to One Another in a Distant Land"]

[Text] The weather was fine and the sky was blue, it was an early winter morning in Beijing. Having wound up a brief news conference, Li Peng, premier of the Chinese State Council, calm and at ease, mounted a special plane at 1000 hours, 10 November, to head for Thailand, one of China's friendly neighbors. This was his first trip abroad since he assumed the premiership.

The special plane landed smoothly at the Bangkok Air Force airport at 1400 Bangkok time, after a 5 hour flight. A hot wave squeezed into the compartment of the plane as soon as the door was opened. The Thai people, whose country is known to the world as the "land of smiles," warmly welcomed the visiting new Chinese premier in their special manner. Chatchai Chunhawan, who had also assumed the premiership not long ago, presented a string of flowers to Premier Li by the ramp. Then the two premiers shook hands with each other tightly and exchanged a few words of greeting. Meanwhile, a Thai

reporter stepped forward to shake hands with us and said: "This is a commemorable moment. The meeting between the two new government heads of our countries signifies a new development in Thai-Chinese relations."

A grand welcoming ceremony was held at the airport. Then Premier Li, accompanied by Prime Minister Chatchai Chunhawan, left the airport for the Hotel Shangrila located on the bank of the beautiful River Chao Phraya. Premier Li and his entourage will stay in this hotel during their stop in Bangkok. Along the way from the airport to the hotel they were greeted by many hospitable Bangkok people waving and thousands of children and students waving small Thai and Chinese flags and cheering the motorcade. Flowers were seen everywhere and Thai and Chinese flags and colorful bunting were fluttering on both sides of the streets as the motorcade passed.

King Phumiphon Adunyadet cordially met with Premier Li Peng in the royal palace 2 hours after the premier's arrival in Bangkok. The Thai press said such an early reception of Premier Li by the king implies the extraordinarily close ties between Thailand and China.

Whenever referring to Thai-Chinese friendship, the Thai people always like to use the term "Thai-Chinese kinship." No other words can describe such a relationship more appropriately than this term. Dating back more than 2,000 years, Sino-Thai friendship indeed has a long history. Such friendly relations have been developing particularly rapidly in the past 10-odd years since the establishment of diplomatic ties between the two countries. The frequent exchange of visits between leaders of the two countries has continued to imbue Sino-Thai friendship with new vitality. Thai journalists have been covering and commenting on Premier Li's visit for quite a while, attaching great importance to and positively evaluating this visit of great significance. The responsible person of a Thai newspaper told these reporters that Premier Li's choosing Thailand to be the first stop of his first trip abroad since assuming premiership just shows the weight of Thai-Chinese relations and the significance of this visit. Prime Minister Chatchai disclosed to the press earlier that his government would accord Premier Li the warmest reception because of the long and particularly close relations between Thailand and China.

Thailand's economic achievements have been remarkable in recent years. Bangkok was merely a small fishing village 200 years ago. But now it has emerged as a modern metropolis known to the world. Magnificent temples and modern building present a striking contrast. "The resounding bell from Buddhist temples and the shadow of coconut trees" represent the kind of peculiar beauty of Bangkok. Today, Bangkok also gives every Chinese visitor a cordial feeling of Sino-Thai friendship, making all the members of the Chinese delegation feel at home. Prime Minister Chatchai especially told Premier Li: "The scenery along the River Chao Phraya is very

much like that in Guangzhou, China." Premier Li replied: "Oh yes, it is. I do feel it. The River Chao Phraya makes this city even more beautiful." All the reporters present agreed that the two premiers were talking with each other as cordially as if they were relatives who met again after a long separation.

In the evening, Prime Minister Chatchai hosted a grand banquet in honor of Premier Li in the Peace Palace, the Thai prime minister's mansion, which was brilliantly illuminated. The two premiers delivered speeches which would have far-reaching influence. It is firmly believed that Premier Li's first visit to Thailand will surely contribute greatly to the development of the kinship-like Sino-Thai friendly relations.

**XINHUA Commentary on SRV Troop Withdrawal**  
*OW1411122088 Beijing XINHUA Domestic Service  
 in Chinese 0201 GMT 14 Nov 88*

[Commentary by XINHUA reporter Tang Tianri: "International Supervision Is a Must for Vietnamese Troop Withdrawal"—XINHUA Headline]

[Text] Beijing, 14 Nov (XINHUA)—Does the Vietnamese troop withdrawal from Cambodia need international supervision? Over this question, the Vietnamese authorities hold an opposite stand from that of the world community. Vietnam's stand has become more conspicuous recently when Hanoi rejected a United Nations resolution on the Cambodian issue overwhelmingly adopted by the current General Assembly.

People have noticed that the resolution on the Cambodian issue adopted by the current General Assembly, as compared with previous General Assembly resolutions, has additional contents. The recent resolution stipulates, among other things, that the Vietnamese troop withdrawal from Cambodia "must be carried out under effective international supervision and control." Therefore, representatives from many nations called on the United Nations to promote the establishment of an international supervision organization and send international peacekeeping forces to Cambodia. However, judging from Vietnam's recent press propaganda and official statements, it insists on its so-called "unilateral actions" concerning its troop withdrawal from Cambodia, refuses to accept any "effective international supervision and control," and is especially opposed to and is obstructing the UN role to be played in this respect. Such an attitude assumed by the Vietnamese authorities, opposite that of the world community, runs counter to the UN resolution and goes against the wish of the majority of the UN member nations.

International supervision has become more and more important in peacefully solving regional conflicts. This new trend shows a strengthening role of the United Nations and the necessity of mediation.

Under the UN auspices, the 6-year-old Pakistan-Afghanistan indirect talks at Geneva finally made an achievement on 14 April this year—the conclusion of the Geneva agreement on political settlement of the Afghan issue. Then, the UN secretary general dispatched two supervisory teams to Afghanistan. Under the international supervision, the Soviet Union withdrew one half of its troops from Afghanistan from 15 May to 15 August. Although the Soviet Government recently announced a suspension of the troop withdrawal, the United Nations and the world community are demanding that the Soviet Union continue to fulfill the Geneva agreement and withdraw all its troops from Afghanistan by 15 February.

Following the settlement of the Afghan issue, Iran and Iraq at last accepted UN Security Council Resolution 598 through repeated mediation by the UN secretary general. The Security Council promptly sent military observer teams to Iran and Iraq and brought about a ceasefire between the two countries on 20 August under international supervision, ushering in a twilight of peace for the 8-year tragic war.

Since May this year, progress has been constantly made in the quadripartite talks among Angola, Cuba, South Africa, and the United States. The United Nations will surely play an important role in settling the issues in the southern part of Africa. In accordance with Resolution 435 of the Security Council, the United Nations will send peacekeeping forces to Namibia to supervise withdrawal of South African troops, help maintain order in Namibia, and ensure the achievement of independence in Namibia through a general election.

On 11 August this year, the UN secretary general presented a peace plan for settling the Western Sahara dispute, calling for a ceasefire between Moroccans and Saharans and for deciding the future of Western Sahara by a plebiscite of Saharans. Once the peace plan is put into practice, the United Nations will send a 2,000-man peacekeeping force there to supervise the ceasefire and the plebiscite. In addition, under the promotion by the United Nations, Greek-Cypriot and Turkish-Cypriot leaders in Cyprus resumed peace talks in September. The two sides are striving for a comprehensive agreement by June next year. As compared with the above-mentioned achievements made in settling hot spot issues politically, the progress in the political settlement of the Cambodian issue is very slow. On the key issue of troop withdrawal, the Vietnamese authorities refuse to implement relevant resolutions adopted by all the previous UN General Assemblies. They are opposed to an immediate and unconditional withdrawal of all Vietnamese troops from Cambodia under effective international supervision and insist on "unilateral actions" outside the United Nations. The "unilateral actions" have been manifested by the Vietnamese authorities' successive announcement of partial troop withdrawal from Cambodia seven times since 1982. Due to the absence of effective international supervision and verification, the

"partial troop withdrawal" has been nothing but a sham. On the surface, some troops withdraw, but then other troops were secretly sent in. Some Vietnamese Army units have assumed the designations of puppet army units and their troops are wearing the uniform of the puppet troops. Some Vietnamese soldiers have mingled with puppet troops in puppet army units. For these reasons, the number of Vietnamese troops in Cambodia has not been reduced, though Vietnam alleges that more than 140,000 troops have left Cambodia in those seven partial withdrawals.

These facts show that effective international supervision is indispensable to solving the Cambodian issue, just as it was in the solution of other regional issues, and the United Nations can play an important role to this end. Without international supervision, it would be inconceivable that Vietnam could really withdraw its troops from Cambodia. The Vietnamese authorities' refusal to accept the effective international supervision and their obstruction of the UN role in this respect once again reveal that they lack sincerity in the attempt to achieve a political settlement to the Cambodian issue.

**Kampuchean Official Urges Vietnamese Pullout**  
*OW1311045388 Beijing XINHUA in English*  
*1554 GMT 10 Nov 88*

[Text] Tokyo, November 10 (XINHUA)—A Democratic Kampuchean official today urged Vietnam to immediately withdraw all its troops to bring about an early settlement of the Kampuchean problem. Long Norin, president of the Friendship Committee for International Relations of Democratic Kampuchea (DK), made the call at a meeting here to mark the 15th anniversary of the Japan-Kampuchea Friendship Association and the 10th year of the Japan Organizing Committee (JOC) for the international conference on Kampuchea.

Long, who is heading a four-member delegation here to celebrate the occasion, also called on the international community to increase pressure in diplomatic, economic and financial fields on Vietnam to compel it to sit down at the negotiating table with the DK coalition government.

Long lashed out at the Soviet Union for being Vietnam's master in its occupation of Kampuchea.

He also blasted Vietnam for attempting to split the tripartite coalition government fighting against the Vietnamese.

JOC Chairman Haruo Okada and Secretary General Nagao Kato, after recalling the activities of the transpartisan organization over the past 10 years, expressed the hope that the Kampuchean people, through self-determination, will rebuild their country into a peaceful, independent and neutral one after the pullout of Vietnamese troops.

**ASEAN Officials To Discuss Cambodia**  
*OW1411065488 Beijing XINHUA in English*  
*1330 GMT 12 Nov 88*

[Text] Hong Kong, November 12 (XINHUA)—The six ASEAN-member states, concerned at the current "limbo" in the Kampuchean peace talks, will meet next month to decide on how to resolve the situation, Malaysian Foreign Ministry Secretary-General Yusuf Hitam said Saturday [12 November], according to an OANA-BERNAMA [Organization of Asia-Pacific News Agencies - Pertubuhan Berita Nasional Malaysia] report from Kuala Lumpur.

Yusuf said the ASEAN countries—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—felt a meeting by the group was necessary to see "what can be done."

Details of the meeting early next month had yet to be finalized, but it would be at senior official level, he added.

He said the stalled talks in Paris recently between the Kampuchean factions, and the failure of the Jakarta informal meeting (JIM) working group which met last month to reach a solution to the conflict, had "given ASEAN considerable worry."

"The failure of these two meetings since JIM has put the Kampuchean subject in limbo," he said.

"ASEAN is paying particular importance to this, especially since there has been no movement in peace efforts at these two meetings," he added.

**Near East & South Asia**

**Iraqi First Deputy Prime Minister on Relations**  
*OW1311042188 Beijing XINHUA in English*  
*0156 GMT 10 Nov 88*

[Text] Baghdad, November 9 (XINHUA)—Iraqi First Deputy Prime Minister Taha Yasin Ramadan expressed his belief that the Iraqi-Sino relations would be promoted in the economic, commercial and technical fields.

This came in a statement during Ramadan's visit to the Chinese pavilion in the 25th international exhibition. The relations between the two countries would be developed following the ceasefire of the 8-year Iran-Iraq war, Ramadan said. He added that there was a good bilateral cooperation between the two countries during the time of war. The 15-day exhibition was opened on November 1 and participated by 2,000 companies from 62 countries.

**Kuwaiti Minister Hails Chinese Religion Policy**  
*OW1111224188 Beijing XINHUA in English*  
*1953 GMT 11 Nov 88*

[Text] Kuwait, November 11 (XINHUA)—Kuwaiti Minister of Awqaf and Islamic Affairs Khalid Ahmed al-Jasir today hailed China's policy to allow all minorities and sects to practice their religious rites freely.

In an interview with the KUWAITI NEWS AGENCY, the minister said that during his recent visit to China, he got acquainted with the conditions of Moslems in China.

He said that the Chinese Moslems are absolutely free to offer their rituals under Beijing's current policy of tolerance and openness.

Al-Jasir returned home on November 4 after a week-long visit to China.

Recalling his tour of the Moslem-inhabited areas in the northern Chinese cities of Beijing and Tianjin, the minister said that Moslems there are "part and parcel" of the Chinese people particularly when their religion compels them to be loyal to the nation.

The Chinese Government had also attached importance to improving the living conditions of the Chinese moslems, he added.

**Zheng Tuobin Feted United Arab Emirates Minister**  
*OW1311132588 Beijing XINHUA in English*  
*1204 GMT 13 Nov 88*

[Text] Beijing, November 13 (XINHUA)—Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin tonight met and hosted a banquet for the government economy and trade delegation headed by Economy and Commerce Minister Sayf ibn 'Ali al-Jarwan of the United Arab Emirates [U.A.E.].

The visiting U.A.E. officials are here to attend the first meeting of the Sino-U.A.E. Joint Committee of Economic Technology and Trade Cooperation. They arrived at Beijing this morning at the invitation of Zheng Tuobin.

**Interest Free Moroccan Loan Accord Signed**  
*OW1211060388 Beijing XINHUA in English*  
*0649 GMT 9 Nov 88*

[Text] Rabat, November 8 (XINHUA)—China agreed here today to lend Morocco eight million U.S. dollars, interest free, as the Sino-Moroccan economic commission met to promote exchange.

**Li Lianqing**, visiting Chinese vice minister of economic and commercial relations, and Moroccan Finance Minister **Mohamed Berrada** signed the loan agreement. The sum will be used for the construction of a sport stadium in the capital, dams, and other projects.

The third session of the mixed Sino-Moroccan economic, technical and commercial commission closed here today with both parties agreeing to develop and promote cooperation and exchanges in the economic, commercial, scientific and technical fields.

The session opened on November 4 to review the commission's activities since the last session in November 1986 in Beijing.

The two countries will increase their barter trade, exchanging Moroccan phosphate products, long-fiber cotton, paper pulp and cobalt for Chinese light and chemical industrial products and agricultural machinery.

Morocco requested China's cooperation on projects concerning hydraulics, cadre and personnel training, drinking water, energy, mines and handicrafts.

The next session of the mixed commission will be in the first half of 1991.

### West Europe

**EEC Official on Strengthening Economic Ties**  
*OW1611051288 Beijing XINHUA in English*  
**0232 GMT 15 Nov 88**

[Text] **Guangzhou**, November 15 (XINHUA)—China's ongoing efforts to improve its economic environment and rectify the economic order will help pave the way for further developing economic co-operation between China and the European Economic Community (EEC), an EEC official told XINHUA.

**Ambassador Pierre Duchateau**, head of the delegation of the Commission of European Communities to China, who was on a five-day visit last week to south China's Guangdong Province, said that China's development will help strengthen ties between itself and the EEC.

He quoted Chinese Premier **Li Peng** as saying that China will remain true to the contracts signed with foreign countries, despite a shakeup in its economy.

The bilateral trade has so far hit 12 billion U.S. dollars, he said, adding that China's exports to the EEC countries are expected to increase by 20 percent in the near future.

About 40 percent of the advanced facilities China has imported were from EEC countries, according to Duchateau.

He also said the EEC has decided to start a project in China with an investment of 80 million U.S. dollars to provide 20 Chinese cities with milk powder.

The EEC is advanced in agriculture, energy, transportation and communications, the sectors China needs to develop urgently, he said.

As China was the first socialist country to recognise the EEC, Duchateau said, it is his mission to promote the bilateral ties.

**Sino-Italian Joint Venture Warplane Crashes**  
*HK1511032888 Hong Kong SOUTH CHINA MORNING POST in English 15 Nov 88 p 1-2*

[Text] **Beijing**: The prototype of a ground attack plane developed jointly by China and Italy crashed on its presentation flight, killing the Chinese pilot, Western sources said yesterday.

An Italian source said the A-5M, a modernisation of the Chinese A-5 version of the Soviet-designed MiG-19, crashed near Nanchang Air Base in southeastern Jiangxi Province on October 15, due to "human error."

The A-5M, an A-5 equipped with new navigational and weapons systems by the Italian company Aeritalia, made its maiden flight on August 30.

It is being evaluated alongside a French remodelling of the same plane prior to the modernisation of several hundred of the twin-jet A-5s for the Chinese Air Force.

The Sino-French plane, which made its first public flight on September 21 at Hangzhou, near Shanghai, is to be officially presented to the Chinese authorities at this week's second Asiadex International Arms Fair which opens in Beijing today.

China has also teamed up with the United States aircraft manufacturer Grumman Corporation to upgrade China's F-7M fighter aircraft.

The single-seat, single-engine Super-7 will be offered by China to international customers as a low-cost replacement for the American F-5, Soviet MiG-21 and Chinese F-6 and F-7 fighters.

Grumman and China anticipate future market potential for more than 200 Super-7 aircraft, each costing about \$78 million to compete with similar Western military aircraft.

Grumman will manage the Super-7 preliminary design program.

Beginning immediately with a nine-month preliminary design engineering study, Grumman and the China National Aero Technology Import-Export Corporation will study the performance of various new avionics systems and F-7M structural modifications to establish a final Super-7 design.

The study will be done in Bethpage, New York, and at the Chengdu Aircraft Corporation in China's Sichuan Province.

The Super-7 will feature a newly designed forward section to accommodate a modern cockpit, avionics suite and escape system; a new steerable nose wheel; two additional wing store stations; an arresting hook and increased internal fuel capacity.

A Western-built power plant and gearbox will be incorporated with wing and structural modifications.

### East Europe

**Hu Qili Meets With Yugoslav Republic Delegation**  
OW1411173888 Beijing XINHUA in English  
1309 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, met a delegation from Bosnia and Herzegovina (BAH) Republic of Yugoslavia here this afternoon.

The delegation is led by Abdulah Mutapcic, member of the Central Committee of the League of Communist of Yugoslavia and chairman of the Presidium of the League of Communist of the Republic of BAH, and Nikola Filipovic, chairman of the Presidium of the Republic of BAH.

Their visit to China mainly aims at establishing economic, trade, scientific and technological and cultural ties with southeastern China Fujian Province.

**Rui Xingwen Receives Romanian Party Officials**  
OW1411174088 Beijing XINHUA in English  
1103 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met and feved Gheorghe Sprinterou and Gica Chiru, reporters from the Romanian Communist Party Central Committee, here this evening in the Great Hall of the People.

The Romanian visitors arrived here October 31 according to a 1988 exchange program between the two parties.

**Article Views Hungarian Price Reform**  
HK1511051588 Shanghai SHIJIE JINGJI  
DAOBAO in Chinese 7 Nov 88 p 5

[Article by Feng Cunchen, (7458 1317 6134) of the Soviet and East European Affairs Office of the World Economics and Politics Institute of the Chinese Academy of Social Sciences: "Hungary Is Gradually Carrying Out Price Reform"]

[Text] Some people recently said that Hungary has changed the practice of "gradually instituting price reform so as to prevent inflation." This writer does not think so.

First, gradually instituting price reform has ensured social stability, and achievements have been made. During the 20 long years from 1968 to 1987, annual price rises remained at a one-digit rate, the highest being 9.2 percent. Price stability has brought about social stability in Hungary. In comparison to Yugoslavia, which witnessed about 1,700 strikes in a year (1987), and Poland, where political turmoils are sweeping the country, public dissatisfaction in Hungary has not turned into a confrontation with the government, antireform and antisocialist forces have not taken shape, and the party is still maintaining its leadership over reform. Viewed from the overall situation, the policy on maintaining stable prices is successful. A plenary session held by the Hungarian party Central Committee in November 1986 made a positive assessment of structural reform, including the reform of the pricing policy, and pointed out that this reform was "full of vigor." The Hungarian masses said that this session was a departure point for deepening reform.

Second, the policy of gradually instituting price reform has not changed. The policy of gradually instituting price reform to prevent high inflation remained unchanged until 1987. In January this year Hungary made the largest price adjustment since 1968, with an adjustment rate of 15 percent. This rate was not high in comparison with the 34 percent price adjustment made by Poland during the same period and the 90 percent by Yugoslavia. Hungary's current price adjustment program provides: Prices will be adjusted up by 15 percent in two steps for the whole year, with a 7.6 percent rise at the beginning of the year, the rest to be resolved in the middle of the year. The proportion of free prices to other retail prices will remain unchanged during the first 3 months. As of April the proportion of free prices will be raised from 60 to 80 percent (it was set at 95 percent by the original plan but lowered when the plan was announced). The proportion of free prices for agricultural products will remain at 50 percent. Consumer goods under state subsidies will be reduced, but milk products, coal, as well as heating and public transport facilities will be provided under state subsidies (as will children's wear and medicine from June this year). Other daily necessities such as meat, building materials, electricity, drinking water, and passenger transport facilities

will have a "zero tax rate" although no subsidies will be provided, so that their prices can be decided according to their production costs and excessive price rises can be prevented. The prices of high-grade consumer goods and luxury commodities will be raised by a wide margin. Thus it can be easily seen that although the current price adjustment is being carried out on a large scale and covers a wide range of commodities, it still gives expression to the principle of gradual process.

Third, Hungary's omnidirectional reform is aimed at strengthening coordination between reforms in different fields. Through years of exploration, Hungarian leaders and people have reached unanimity of understanding on the cause of imperfection in price reform. They have come to understand that better results cannot be made in price reform without carrying out reforms in other fields. For example, abolishing trust monopoly, exercising

enterprise bankruptcy law, reforming the bank management system, and collecting personal income tax will produce results 10 or even 20 years later than price reform. In such cases, it is difficult to stop excessive consumption caused by enterprises' short-term activities and the abnormal increase in the citizens' income. As a result efforts to straighten out the price structure are counteracted. None of these has anything to do with gradually instituting price reform. The one time price reform planned by Hungary refers to carrying out price reform in coordination with reforms in other fields and does not mean a one time, large-scale price adjustment or "one action" relaxation of control over all prices.

In conclusion, this year has been a year for Hungary to start a large-scale economic reorganization. It is inevitable that price rises are higher than those in the past. Price rises in the first 3 months of this year alone could not determine that Hungary will adopt the pricing policy Yugoslavia has taken.

**Price of Satellite Launches May Be Raised**

*OW161114188 Tokyo KYODO in English  
1116 GMT 16 Nov 88*

[Text] Beijing, Nov. 16 (KYODO)—China may raise the prices of its launch services for foreign satellites, criticized in the past by the United States as being too cheap, space industry officials said Wednesday.

China has come under criticism from the U.S. Government for offering cut-price satellite launches which Washington said were kept artificially cheap by state subsidies and were competing unfairly with Western companies offering similar services.

China denied the charges, saying that low costs and cheap labor were the reasons they could provide an economical service.

A spokesman for the Great Wall Industry Corporation which sells the launch service to foreign customers said Wednesday that the cheap rates were only a sales tactic and that prices would rise later.

"When the European Ariane and the American shuttle were first launched, they also offered cheap rates," an official from the company said at the Asiadex Defense Exhibition currently being held in Beijing.

"We are only offering cheap rates so we can establish our reputation in the market. Later on we will raise our prices," he said.

A full range of China's rocket launchers is on offer at the exhibition in Beijing, including the two-stage Long March 2E which is still under development and scheduled to go into service in 1990.

**Notes on Literature, Art Circles Congress**  
*HK1511140088 Beijing RENMIN RIBAO in Chinese  
13 Nov 88 p 3*

[Article by RENMIN RIBAO reporters Wang Bisheng (3769 1801 0524) and Li Hui (2621 6540): "History Goes From Here to the Future—Notes on News Gathering at the Fifth National Congress of the China Federation of Literature and Art Circles"]

[Text] At the opening session, 88-year-old Xia Yan sat on the rostrum, and listened attentively to his opening speech, read by someone on his behalf. This literature and art worker, who has braved the wind and storm over the past 50 years or so, and who has devoted his whole life to literature and art, has learned much more profoundly than others from history. It is better for us to say that he is listening to his own voice rather than listening to someone else reading, and that today, together with other delegates and party and state leaders, he is reviewing the experiences and lessons left over from history:

"It is unscientific to say that literature and art are more important than politics and economy. It is unwise to use the method of issuing administrative orders to govern literature and art. Literature and art creation is very meticulous and complicated mental labor which is full of individual character. Freedom in creation is the embodiment of respect for the laws governing art. Freedom in creation and respect for art is based on the intuitive knowledge of writers and artists. Literature and art must not be subordinate to politics, but they must not transcend politics."

These remarks left a very special impression on Mei Zhi, who was sitting below the rostrum. She was the wife of Hu Feng, a former member of the Federation of Literature and Art Circles, who died several years ago. She is not a delegate to the congress, but was invited to attend the opening session. For her, the heavy historical burden is over. She has been inspired by the new guiding principle of literature and art implemented over the past 10 years. It has been a great comfort to her because the price paid by Hu Feng has enabled people to maintain a clear head.

When she talked with reporters after the opening session, her voice was calm and low. She was obviously choking back tears of excitement. "In recent years, the party has time and again advocated full respect for the laws governing the development of literature and art, and a full understanding of literature and art, and literature and art workers. People can at last express their views on art freely. This is historical progress which gladdens people. It is a matter for regret that Hu Feng is not able to attend today's congress."

Mei Zhi's thoughts on historical progress were confirmed by a group discussion of the Film Artists' Association, which started on 9 November.

In recent years, the development of the film undertaking has become a focus of world attention. Some delegates maintained: What should be affirmed is not only the diversification of our artistic style, but also the abolition of the method of relying on administrative orders to lead film creation characterized by "one person deciding everything." A democratic work style which respects artistic laws and the views of artists has been initially developed. Film critic Luo Yijun talked about "Golden Rooster" awards, the showing of "Yuan Ye" and "Furong Township," and the debate about "Red Sorghum," and so on. He believed that Comrade Hu Qili's explanation of the path the party should follow in exercising leadership over literature and art, contained in his "Message of Greeting," is very important. He added: "In the literature and art field of today, the problem of less interference in literature and art has not only been mentioned theoretically. In practice, the previous abnormal way of doing things is also being corrected."

Although the speech made by writer Deng Youmei in a group discussion was brief, he expressed similar views. With regard to controversial works, he stressed: "What is most important is not the view of the works themselves. What is most important is that literature and art workers can think in different ways to touch off the contention of divergent views."

We would like to add something to what has happened this year in the literature field: further debate on the theory of "the independent status of literature," put forward by Liu Zaifu; the simultaneous publication of the articles by Rao Xueyin and Wei Minglun, which contained different views; young critics' bold criticism of accomplished writers...Just as Comrade Hu Qili said in his "Message of Greeting": "We should learn to deepen our understanding and to enhance our artistic level through free, democratic, and equal discussion." This is no longer purely a desire. It is understood by more and more people who are making efforts to achieve this aim. Even though it is not a simple task, and cannot be fulfilled smoothly, history goes from here to the future.

With regard to "learning to do something," Wang Meng, who attended the congress as a writer, made the following interesting elaboration by saying: Those who are leaders must learn to interfere or intervene less in literature and art. Those who are engaged in literature and art must also learn not to seek interference or intervention. We should learn to participate in contention in a free and equal way. We should form the habit of writing articles to take part in contention. It is unnecessary to ask someone to arrive at a conclusion.

Delegates listened to his remarks smilingly. Their smiles showed more clearly that they are optimistic about the prosperity of socialist literature and art. They have realized that knowing the importance of artistic laws and making efforts to follow them is a demonstration of the full confidence of statesmen and artists. This shows that they have a profound understanding of history, and that they are creating a new future.

**Xia Yan's Speech to Literary, Art Congress**  
HK1511153988 Beijing RENMIN RIBAO in Chinese  
15 Nov 88 p 5

[Article by Xia Yan (1115 5888): "Enhance Vigor, Promote Literature and Art—Speech at Opening Ceremony of the Fifth National Congress of the China Federation of Literary and Art Circles"]

[Text]The Fifth Congress of the China Federation of the Literary and Art Circles is now taking place. This congress is being held after the 3d Plenary Session of the 13th CPC Central Committee, almost 10 years after the last congress. In the long process of history, 10 years may just be a short moment, but for the Chinese people and the Chinese literary and art workers, the past 10 years represent an extraordinary period. Ten years ago, the 3d Plenary Session of the 11th CPC Central Committee

formulated the reform and opening up policy. Ten years ago, Comrade Deng Xiaoping delivered a speech of congratulation on behalf of the party central leadership and the State Council to the last congress of this federation, in which he affirmed that Chinese writers and artists, who had undergone the ordeal of struggle, formed a contingent that could be trusted and loved, and he encouraged us to emancipate our minds, boost our spirits, inspire the people to make concerted efforts for the objective of the four modernizations, and make contributions to the building of spiritual civilization. With the trust and loving care of the party central leadership, Chinese writers and artists have shaken off their historical burdens and mental shackles and have entered the great era of building the four modernizations. In the past 10 years, our country has experienced unprecedented profound change, and a vigor and prosperity has appeared in all fields, from economic structure to ideology. It is precisely under these brand new historical conditions that our country's literature and art has reflected the pulse of the times and demonstrated profound changes. An outstanding sign of such changes was Comrade Xiaoping's remarks in January 1980: "We uphold the 'double-hundred policy' and the 'three-no principle,' and no longer use the slogan that literature and art should be subordinate to politics, because this slogan may be used as a theoretical foundation for arbitrary intervention in literature and art, and past practice has proved that this brings more disadvantages than advantages to the development of literature and art. However, we do not mean that literature and art can be divorced from politics." The thinking of our writers and artists has been greatly emancipated. They have acquired a high degree of creative freedom and have increased their creative consciousness and initiative along with the improvement of the creative environment and atmosphere. They have gradually broken through the narrow understanding of the functions of literature and art and have discarded the creative pattern of illustrating politics and life. They have created colorful works to depict the current historical tendency in China and vividly reflect the mental conditions and psychological features of the Chinese people in unprecedented depth and breadth. In their literary and artistic creations, criticisms, and theoretical studies, literary and art workers have demonstrated the spirit of respecting truth, seeking truth from facts, and bravely making explorations. While carrying forward the cultural tradition of our nation, they have also warmly absorbed useful foreign culture; broken through uniformity and limited aesthetic standards; and brought about a diversity, vibrancy, and vividness in theme, form, technique, and style. They are trying to produce great achievements to satisfy the diverse needs of the cultural lives of people of all nationalities throughout the country so as to encourage, inspire, entertain, and influence them. Innumerable good works have not only evoked strong reactions among the people, but have also attracted the close attention of international literary and art circles. The older generation of literary and art workers, who have much experience in life and art, still radiate the vigor of their youth;

middle-aged literary and art workers have become more and more mature as they have been tempered by life and artistic creation, and they now act as the backbone force; and a large number of talented young literary and art workers have displayed their brand new spirit and gratifying vigor and represent the future and the hope of literature and art in our country. These three groups of writers and artists have formed a vigorous contingent of literature and art workers, which has become a major force that cannot be neglected in the building of socialist spiritual civilization. Therefore, we have every reason to say that during the past 10 years, there have been inspirational achievements in our country's literature and art. We should affirm that our literature and art have made indispensable contributions that no other kind of work can replace in satisfying the needs of the people's cultural lives, cultivating a new socialist people, and raising the ideological, cultural, and moral level of the entire society.

Next year we will celebrate the 40th anniversary of the founding of the People's Republic and the 70th anniversary of the May Fourth Movement. Throughout the long process of the past years, the Chinese literary and art workers have withstood the tests of wars and revolution, inherited the glorious tradition of the May Fourth New Cultural Movement, and left a lot of splendid works that have reflected the times. The people will not forget that the Chinese writers and artists have traversed a tortuous and arduous road and have experienced both victories and failures, joy and grief. What we feel particularly painful about is the unprecedented disaster of the "Cultural Revolution." People at an advanced age, like myself, feel that since the founding of the People's Republic, or even since the founding of the "Left-Wing Writers' Alliance" in 1930, we have not yet solved an important issue, that is, the relationship between literature and art and politics. Chinese intellectuals have a time-honored tradition of sharing the worries of the nation and the people. They are always the first to show concern and the last to enjoy happiness, and they always cherish a sense of responsibility for the rise and fall of the nation. Since ancient times, the mainstream of literature and art in China has always participated in the social life rather than transcending it. Because of the tradition of "using poems to express one's aspirations," whenever the nation has encountered a crisis and the people have suffered hardship, the literati have wittingly or unwittingly accepted the slogan that literature and art serve politics. However, in my view, the tradition of "using poems to express one's aspirations" and "using articles to publicize morals" is not so narrowly defined, and it does not exclude poems that depict the beauty of nature or landscape paintings. During the period of the May Fourth Movement, nostalgic poems and love stories continued to exist. We introduced a new theory from the Soviet Union, Western Europe, and Japan in the late 1920's and early 1930's, which advocated that "literature and art should be a tool of propaganda and demagogism" and that "all literature and art serves the purpose of propaganda," thus laying a lopsided emphasis

on the subordination of literature and art to politics. The 1930's was a period of great turmoil in which Left wing literature and art was a worldwide trend. The first socialist country in human history had been born, and the Soviet Union was then a center of hope to young intellectuals. Meanwhile, in 1929 the Western world was experiencing an unprecedented economic crisis. Such being the case, it was quite natural that the frustrated Chinese intellectuals, who were looking for a way out, would endorse the Soviet theory of literature at that time. By the way, during the fierce revolutionary war, the slogan that literature and art serve revolutionary politics was, after all, above criticism. The crux of the problem lay in the fact that this slogan, which had been put forth during the revolutionary war, continued to be upheld after the founding of the PRC and was promoted particularly vigorously during the period of peaceful construction after the Eighth CPC National Congress. The development in literature and art of serving political needs and current policies and then of fully submitting to the current central tasks violated the law of literary and artistic creation and suffocated the originality and initiative of writers and artists, thus opposing the double hundred principle. This is indeed a bitter lesson. What is gratifying is that this nightmare is over and that we have now awakened from our miserable experience. Ever since the 3d Plenary Session of the 11th CPC Central Committee put forth the policy of reform and opening up, our national spirit has been emancipated again. The policy has had a tremendous impact on many old concepts that had long trammelled people's thinking. In order to strengthen and improve the party's leadership over the field of literature and art, during the present congress we are going to discuss an important document—"Some Opinions of the CPC Central Committee on the Further Development of Literature and Art." Our country has already achieved astonishing success in the past 10 years of reform. However, we must also be clearly aware that we are at a critical moment when a new structure is replacing the old one. In the course of reform, opening up, and the development of the commodity economy, people's ideological conception, values, and aesthetic judgment are changing.

It is inevitable that this change will be reflected in literature and art. For this reason, we must continue to properly handle the relationship between literature and art on the one hand and politics on the other, as well as the relationship between the promotion of national traditions and the introduction of foreign culture. Those views which attach greater importance to literature and art than to politics and economy are unscientific, and those methods which deal with literature and art by giving administrative orders are irrational. Literary and artistic creativity is a kind of extremely meticulous, complicated, and individualized mental labor, and freedom of creation is an expression of respect for the law of development of literature and art. Freedom of creation and respect for artistic individuality are all based on the conscience of writers and artists. Literature and art

cannot be submitted to politics, but they cannot transcend politics either. The tendency to be divorced from life, to be isolated from reality, and to play down contradictions is partial; and the view that places undue stress on national character but adheres to a pedantic attitude and opposes the introduction of foreign culture is narrow. Of course, the view that advocates total Westernization and indiscriminate copying of foreign things is harmful.

The history of Chinese and foreign literature and art has fully proved that all great writers and artists are the loyal children of their motherland, the pioneer thinkers of their times, and the heirs carrying forward and developing the culture of their nation. Only when they have deeply shared and truly voiced the people's joy and sorrow do their works glisten with the splendor of thought and art. I keenly hope that our writers and artists will emancipate their minds; look forward to the future; and create works that can arouse our people's patriotic passion, cultivate their moral integrity, and enlighten them with an enterprising spirit, thus bringing about a prosperity in Chinese literature and art that will allow a hundred flowers to blossom.

Next year will mark the 70th anniversary of the May Fourth Movement. With its obstacles and setbacks, the history of the development of literature and art in China during the past 70 years has offered us a basic experience: Literature and art, like science and technology, can only progress and develop in an environment that provides full academic freedom and is free of taboos. We must carry forward the glorious tradition of the May Fourth New Cultural Movement, learn from the spirit of Mr Lu Xun, who dared to squarely face the reality of life, and make our valuable contributions to the prosperity of socialist literature and art in China!

The 21st century is 12 years away. Mankind has been living in an era of nuclear energy and information since the 1950's. In his article "Ludwig Feuerbach and the End of Classical German Philosophy," Engels predicted: "As a result of every epoch-making discovery in the field of natural science, materialism will inevitably have to change its form." Now we have arrived at a stage when there is epoch-making progress in the natural sciences. Therefore, it is inevitable that our ideological conception, mode of production, and lifestyle will also have to undergo unprecedented drastic changes. Today our nation is facing a serious choice of historical significance, and wrestling matches between the reformatory and conservative forces and between the rising and the decadent are going on in all fields, at every level. All of this will provide us with rich and lively material for literary and artistic creation. Therefore, I also keenly hope that our writers and artists will display a high sense of historical mission and a sacred devotion to art, make unremitting efforts to widen their field of vision and to enhance their artistic attainment, show a stronger desire

for involvement and a greater concern for mankind's fate, and present outstanding works that are not inferior to those of their predecessors and that can live up to our times.

#### Culture Minister on 'Opening Up' Policy

AU1411195888 Vienna PROFIL in German  
No 46/14 Nov 88 pp 54-55

[Interview with PRC Culture Minister Wang Meng by Hans Rauscher in Beijing: "Democracy and More To Eat"; date not given]

[Excerpt] [Passage omitted] PROFIL: Mr Minister, are today's artists and intellectuals in China free?

Wang Meng: At present, the writers and artists are living in a much better atmosphere. They can write what they want; far more critical articles are published in the papers. Their living conditions have also considerably improved. Of course, we have many social problems, and when writers critically describe them, a high official will turn up at once and get upset. However, the greatest problem is, perhaps, that good novels and films are difficult to publish. The demand for Kung-fu films and trivial love novels is much greater.

PROFIL: The state theaters, music ensembles, and film studios are no longer subsidized and have to compete against the private groups that are being established.

Wang Meng: Yes, next year we will make cultural inroads on two tracks. At present, private light music troops and theaters are being allowed in Guangzhou and Shenzhen (a "capitalist" special economic zone near Hong Kong—the editors). In the future, the state will only finance the central cultural institutions, such as the National Museum or the National Symphony Orchestra, for symphonic music has no chance against light music.

PROFIL: Despite this, artists are only free to a certain extent. Politburo member Hu Qili has just stated in the presence of Deng Xiaoping and party leader Zhao Ziyang, at a large-scale conference of 1,500 artists in Beijing that art has to "serve the people, expose ugly things, and praise heroic things." I have the impression that the freedom of criticism is somewhat greater in the Soviet Union, although the system also must not be questioned there.

Wang Meng: For some time, all people in the Soviet Union had to say that everything there is great; today all appear to be obliged to say that everything is bad. But the Soviet Union has a great lead as regards education and their cultural level. There are 230 million illiterate persons in China, almost as many as the Soviet Union's number of inhabitants. Still, 5 percent of our 800 million peasants, that is, 40 million, do not have enough to eat. Many of our foreign friends are talking about democracy and freedom. We need democracy, as well. However, meanwhile we need something to eat.

**PROFIL:** Critical intellectuals, like the physicist Fang Lizhi, who was severely reprimanded, say that without democracy there is no development. There is no modernization without political codetermination.

Wang Meng: If you go to Fang Lizhi, he will talk about democracy; if you go to the 40 million peasants, they will talk about food. If you come to me, I will talk about democracy and food.

**PROFIL:** Fang Lizhi and other intellectuals criticized Chinese culture, which has existed for millennia, in an even more fundamental way. Fang says: "We have to introduce the spirit of Western science in China. The Chinese culture has gained many deep insights but does not know logic." In a television documentary report ("River Elegy") China's backwardness was attributed to a millennia of feudal rule and geographic isolation.

Wang Meng: We have made two mistakes in our history. We have learned too little and preserved our own traditions insufficiently. A good Chinese can learn from the West and, despite this, preserve his traditions. It has also been stated that Confucian doctrines taught the Chinese to become dependent. But this was 2,500 years ago. It is of no consequence today. Confucius is not to blame for China's present problems. Referring to the "River Elegy," I do not agree with many concrete statements but, despite this, such reports should be allowed on television.

**PROFIL:** Comparisons with the Soviet Union are not popular in China. But nevertheless: The Soviet Union has now dealt with the crimes of the past in a relatively open way. The whole truth about Stalin has been exposed. Is it possible to tell the whole truth about Mao? That, after 1949, 3 million landowners were shot in the course of "land reform"? That Mao's "great leap forward" caused a famine in 1959 in which 12 million people died? That millions were killed in the Cultural Revolution?

Wang Meng: There was also official criticism in the past. Between 1979 and 1982 so many articles were published on the Cultural Revolution that the people said that they had had enough. Many of Mao's mistakes were pointed out in a documentary report of the Central Committee. Stalin has been dead for a long time but, for us, Mao's time was not so long ago. Only later will it be possible to really evaluate him.

**PROFIL:** How permanent is the policy of opening up? Many intellectuals have had bad experiences. Can bad times come again?

Wang Meng: Minor inconveniences can again arise. Major campaigns, such as that against the "elements of the right," are impossible because today the masses back the policy of opening up and reforms. At any rate, we have to further develop the reform of the political system and implement the constitutional Chinese state.

**PROFIL:** Speaking of a constitutional state—there are many political prisoners in China whose names are not even known.

Wang Meng: Our courts have disclosed many times that there are no political prisoners in our country. We keep persons imprisoned because they have violated our laws. [passage omitted]

#### Discussions on Reaction to 'He Shang' TV Program

##### Termed 'Spectacular Phenomenon'

OW1611054788 Beijing ZHONGGUO DIANSHI BAO  
in Chinese No 32, 11 Aug 88 p 1 (tentative)

[Article by Wang Dan: "The 'He Shang Phenomena' in the Year of Dragon"]

[Text] A Spectacular Phenomenon in the Three Decades of Chinese Television

As Chinese television ushers in its 30th year, "He Shang," a work that marks its coming of age, first appeared quietly on the screen and then aroused an uproar.

It is an "abnormal fetus," offensive to the eyes of many people.

Some people hail, some look askance, some sigh, some criticize, but more are pondering.

As it was broadcast in the late hours, an old artist asked his family to wake him up when it was the time for "He Shang."

Several "loafers" were making trouble on a street in Hohhot City. One of them shouted: "It's time for 'He Shang'!" They dispersed, running home to watch the television.

RENMIN RIBAO, GUANGMING RIBAO, JINGJI RIBAO, ZHONGGUO QINGNIAN BAO, WEN HUI BAO, GUOJI SHANGBAO, and BEIJING QINGNIAN BAO repeatedly carried synopses of "He Shang."

The production group and the author of "He Shang" have received some 1,000 heart-warming letters from viewers, and almost of them have expressed three wishes: expressing their profound thanks, requesting comments, and requesting a rebroadcast.

A veteran Red Army soldier who joined the revolution when she was 15 years old said that "He Shang" made her think soberly about what she had done in her life: Did she do anything wrong? How would she be evaluated by future generations?

A coalminer's son who had stayed home awaiting employment because of illness said that although he did not quite understand the relationship between culture and history expounded by "He Shang," it has awakened him from desperation. He wanted to get in touch with other young people awaiting employment and try to do something constructive to society.

An audience member who had completed the procedures for going abroad said that after viewing "He Shang," he suddenly felt that he must make a new decision.

Senior intellectuals in Shanghai and Beijing attended discussions and wrote articles, showing an unprecedented enthusiasm for the television, which they used to disdain—all because of "He Shang."

An old lady purchased a set of the videotapes of "He Shang" at the China International Television Service Company, saying that she was entrusted to do so by the neighborhood committee.

Wuhan City organized a summer camp with "He Shang" as the theme from 20 July to 20 August. The city also sponsored speech and essay contests on "He Shang" for youngsters.

Sensitive foreign correspondents stationed in Beijing and foreign businessmen who had closely watched the political climate in China immediately "signalled" the broadcast of "He Shang" to various parts of the world.

... ... [as published]

This has been a hot topic in the year of dragon.

#### Critics Are Perplexed

Immediately after it was broadcast, "He Shang" entered a stage of subtle sensitivity. Rumors about its fate spread fast among people, especially in journalistic circles. We should say that this more or less obstructs healthy discussion on "He Shang."

"He Shang" is destined to receive criticism, partly because of its fearless views, the expanse of blank space left behind by its lively thinking and literary analogue, and, of course, its "pruning" of certain historical materials to suit the needs of the theme.

"He Shang" is destined to receive criticism primarily because of its explicit theme, thoroughly unobscured trend, and extremely unequivocal position. Without regret and hesitation, it directs its spearhead of attack at deep-rooted, long-standing errors. Wherever it attacks, it is earnest, straightforward, and fearless.

Some critics say "He Shang" advocates "national nihilism," a "thorny crown" reserved for all works with theme that criticizes tradition. As every article on tradition is not necessarily written in the form of "year-end

roundup" or "personal summation," we should not demand that the essence and the dross—the strong points and weaknesses—of all people, things, and works be clearly separated. Criticism is not tantamount to negating things and is not "a concept," not to mention that "He Shang" sings the high praises of our nation's new construction today. If we admit that history is, rather than a record of past events, a process including the past, present, and future—that is, the nation includes not only our ancestors but also ourselves and our descendants—then "He Shang" does not advocate so-called "historical nihilism" and "national nihilism." Rather, it cheers the construction of our history and nation. As a matter of fact, letters received from workers, cadres, peasants, self-employed individuals, sales clerks, young people awaiting employment, and students have invariably expressed a high and positive spirit. Why has the audience accepted "He Shang" in such a way if it is a work advocating nihilism?

Some critics said "He Shang" uses excessively serious language to discuss certain well-known and uncontroversial problems. Problems may have been discussed repeatedly in a more penetrating, extensive, and advanced manner than "He Shang" in salons or on lecterns. However, we should not avoid discussing certain problems, especially with an audience of hundreds of millions through the media of television, because they were discussed 10 years ago. The reason is simple: Today we still use "serious language" to discuss problems that were discussed by Hegel and Marx over a century ago, and our discussion does not put us in a position of lagging behind the times and practice. Let's put the question this way: The problem is not that "He Shang" expresses the view of a certain period in the ideological realm—be it 10 years ago or later. Rather, even if it is an idea from 10 years ago, how many of the 1 billion Chinese people understood, comprehended, and pondered over it with people in the ideological circle? It would be a great blessing to China's intellectuals if, after viewing "He Shang," only one one-thousandth of the audience reached the level of ideological awareness of 10 years ago—not to mention that the level of ideological awareness should be judged on the basis of the sequence of time in the first place.

Some people have said that the purpose of making "He Shang" is like using "an antiaircraft gun to kill a mosquito." The remark means that "He Shang" basically missed its target. These people hold that by closely reexamining the history of China, "He Shang" is actually trying to kill a dead cat, because China's traditional culture was still a fierce tiger to people during the "4 May" Movement period, but now it is only a dead cat. Is it not funny and ridiculous for "He Shang" to try to kill a dead cat with so much earnestness? What a pity. The "4 May" Movement did not change into a dead cat all of the things that it wanted to change. However, what is depicted by "He Shang" is the ghost of history, the dreadfulness of which can still be felt in today's reality. If the audience could sit calmly and watch all of part six of

"He Shang," they would clearly see that the focus of "He Shang" is on reality. The ability of "He Shang" to shock society did not come about by exposing a few scars of history: It lies in the program's ability to clearly demonstrate independent thinking and judgment about many practical issues. Precisely because of this, it has no relaxed, unrestrained advanced consciousness: It has painfully learned that people of our generation cannot play the part of the "wise man." This definition of "wise man" is that there is nothing deep in his heart except rejection and fear of a new civilization. Nevertheless, history will never be able to accomplish the negative tasks for its next stage in advance.

Some people have criticized "He Shang" for saying too much about things that should not be mentioned. These people hold that culture and history are not for anyone to choose. Yet "He Shang" says they can be chosen. If every country and nation gets entangled in the issue of ancestors and is not happy with its history and living environment, how can it tackle the task of construction? These people have asserted categorically that culture cannot be compared, saying that it is childish to make comparison and it is "high-ranking grumbles" to make self-examination. If this theory is considered, would not all the spoken or written self-criticisms in the field of culture made by China's reformists, reformers, and revolutionaries in the past century be useless, as "high-ranking grumbles"? Although history is independent of man's will, history is created mainly by man. Since man has a role in creating history, why can't he examine and criticize history? In reexamining and criticizing history, if the point of departure is reality and the purpose is directed at the problems that have emerged as a result of ignoring or not understanding reality, "He Shang" is not "using an anti-aircraft gun to kill a mosquito."

#### **The Hope Lies in Chinese Who Have Been Awakened by the World and History**

In an article the Japanese magazine "SENTAKU" said that it recently conducted a survey of junior middle school students in Beijing and discovered that almost nobody knew the names of Zhe De, Liu Shaoqi, and other founders of New China. The magazine said: Only 22 percent knew what Mao Zedong had done, and less than 50 percent knew Zhou Enlai, the person who enjoyed the highest prestige among the people. But they knew Yi Ti, Huo Yuanjia, or Chen Zhen very well. Regarding this fact, let us for the moment not take into consideration whether the magazine deliberately exaggerated in order to create a sensation, but in their letters, some junior middle school students who have seen "He Shang" indicated that they were really shocked by the scenes about the "antirightist movement," the Great Leap Forward, and "the Great Cultural Revolution" depicted by the documentary, and said that they could not understand why human beings could do such a thing. In their letters, they said that as junior middle school students, they knew nothing about the Great Cultural Revolution and that neither did they know the kind of

man Mao Zedong was. This remark cannot help make one recall a passage in the novel "The Dreams of the Red Chamber": "If falsehood is regarded as truth, then truth can also become falsehood; if one insists that what is not there is there, then one can also say what is there is not there." This reality worries and frightens people. From the media of the outside world, particularly the West, what we have come to understand is that the world is full of murders, terror, natural disasters, riots, and frantic sports activities, but as for history, especially the history of 10 years ago, we have completely forgotten it. Without knowledge from various sources, how can ideas and consciousness, particularly correct and complete ideas and consciousness, take shape in man's mind?

"He Shang" may have tens of thousands of mistakes or shortcomings, but it has after all provided us with a "point of view" to observe the world, history, and reality. From this point of view, even if many of our intellectuals can see only the old stuff or platitudes, they should remember a passage by Wittgenstein: It seems that lightning is seen more often today than 2,000 years ago and so it seems that they it is not so fearful as before. Man should awaken and show his surprise. Generally speaking, all people should do so ....

Yuan Zhiming said: "China's hope lies in the Chinese who have been awakened by the world." I would like to add a few more words to it: "China's hope lies in the Chinese who have been awakened by the world and history." The significance of adding these few words is that today the Chinese people need to understand the world and history more than at any time in history. "He Shang" has made this possible.

#### **Evokes 'Strong Repercussions'**

*HK1411022588 Hong Kong WEN WEI PO  
in Chinese 13 Nov 88 p 3*

[["Special dispatch from Beijing" by Hu Shao-an (5170 1421 1344): "A Look at The Literature and Art Policy in Light of 'River Elegy'"]]

[Text] The fact that the television series "River Elegy" has evoked strong repercussions among large numbers of people at home and abroad is indeed a rare event in recent years. The public can easily see the new trends of China's political, cultural, and economic life and conduct an analysis of the people's psychology from the "River Elegy" shock. Since the opening of the fifth congress of writers, the press has attempted to analyze the literature and art situation and the CPC's literature and art policy through the controversies over "River Elegy."

#### **A Leader Is Also a Viewer**

When a Yugoslav reporter asked about the assessment of the controversies over "River Elegy" at the press briefing held on the eve of the congress, Wu Zuqiang replied: "In light of the current policy, everyone is allowed to discuss

and express his own views. This will not lead to a drastic change in the literature and art situation." Xia Yan's reply was more straightforward: "A leader is a reader as well as a viewer. His views are not tantamount to a decision made by the CPC Central Committee."

In his reply, it is true that Xia Yan referred to the personal views expressed by a state leader on "River Elegy." While discussing the matter, some friends from literature and art circles told me that this phenomenon is commendable. A piece of literature and art work actually constitutes a complicated existence, like different scenes of water and flowers taken from different angles in spring. Hence, it is by no means strange for different people to have different views.

#### **The "Cultural Craze" Evoked by "River Elegy"**

However, those familiar with the recent situation in literature and art circles know that the personal views of a certain leader on literature and art are usually connected to policies which are later issued as a document and then lead to repercussions...such state of affairs usually lasts months and even years.

In comparison, the harmonious atmosphere which appeared after the views expressed by a leader on "River Elegy" indicates progress. The significance of such progress lies in the change effected in CPC leadership over literature and art over the past 40 years from microcontrol to macrocontrol and readjustment and in the implementation of the "less interference" principle put forward by Deng Xiaoping at the fourth congress of writers. It shows that leaders have a correct relationship to literature and art work: They can express their personal views on literature and art, but their views are not tantamount to a policy which the artists must follow.

When Su Xiaokang, the author of "River Elegy," returned to Beijing a few days ago, he told me: "'River Elegy' cannot be a perfect piece of work. I have mentioned on many occasions at forums: Provided that China can find a road to prosperity and civilization as quickly as possible, I won't even mind if 'River Elegy' is thoroughly refuted."

Su Xiaokang continued: "One of the main objectives of 'River Elegy'" is to attract more people to participate in cultural discussions because the "cultural craze" over the years was merely limited to academic circles. By drawing more people into the "cultural craze" through "River Elegy", I believe that it will play a positive role in reform, opening up, and the modernization program."

#### **The Three Stages of the Controversies Over "River Elegy"**

In my opinion, the controversies over "River Elegy" can be divided into the following three stages: First, the broadcasting of "River Elegy" on two occasions in the mainland evoked strong repercussions. Articles of both

praise and censure, the former outstripping the latter in number, were issued one after another. Second, scholars at home and abroad took an active part in the discussion which was later switched to the academic field.

After affirming the progressive purpose of "River Elegy," most of the scholars raised objections to the academic views, which was quite normal. Third, following the views expressed by a state leader, controversies in Hong Kong and overseas continued as usual, while China remained silent on the matter. Besides Yang Chen Ning's views carried in the press, most of the newspapers frontpaged Lee Tsung-Dao's views on the same day. In fact, Lee Tsung-Dao's views were identical with those of the state leader. It doesn't seem to have been necessary for most of the newspapers to frontpage Lee Tsung-Dao's views on the same day. Some scholars at home believe that this is disadvantageous to academic discussion. Some scholars attempted to raise objections to the specific academic views concerning "River Elegy," but they have not done so since autumn.

Su Xiaokang agreed with my analysis. He said he hoped that heated discussions can be resumed after the current congress. Apart from state leaders, we should encourage Chinese-American natural scientists, scholars at home and abroad, and an audience to take part in discussions which will benefit academic discussion and the prosperity of creation.

#### **Criticism of "River Elegy" Will Not Be Magnified**

Most of the delegates attending the congress are writers and artists who have experienced all sorts of tribulations. The history of the past 40 years remains fresh in their minds: Whether in the "antirightist movement" or the "Cultural Revolution," every political movement started from literature and art circles and from a certain piece of work criticized by a state leader. Although "River Elegy" has been criticized by name, the matter has not developed further or become a political movement. Hence, besides rejoicing, we can also witness the maturity of a ruling party and its historical progress.

For this reason, the delegates attending the congress gained a deep impression from Hu Qili's opening address to the congress: "As a reader and a viewer, a leader is allowed to express his personal views. However, his views should not become regulations or orders for others to follow. We should avoid applying administrative orders or the means of a political movement to deal with academic and artistic problems and disputes."

The controversies over "River Elegy" have not yet ended. We hope that literature and art creation and academic discussion, including the discussion on "River Elegy," will develop smoothly. All this depends on the formulation and firm implementation of the CPC's literature and art policy.

**Receives 'Unprecedented Attention'**

*OW1511172788 Beijing ZHONGGUO DIANSHI BAO  
in Chinese Issue No 32, 11 Aug 88 p 1 (tentative)*

[Commentary by Min Sheng: "A New Way of Thinking, A New Field of Development—Afterthoughts on Viewing the Six-Part Television Series 'He Shang'"]

[Text] The broadcasting of "He Shang" [3109 2999] has triggered a strong response in society, receiving unprecedented attention from XINHUA, RENMIN RIBAO, and GUANGMING RIBAO. Amid widespread praise there is also sharp criticism. Being able to cause controversy is a good phenomenon. In this regard, I would like to share my observations.

When evaluating a work, we must, first of all, see whether it has accurately grasped the fundamental idea; and, secondly, we must see whether its expression is strongly creative. I think that the theme of "He Shang" is thought-provoking and encourages people to aim high. Its form of expression is new, a breakthrough. An artistic movie integrating emotions and political views, it is a painstaking work that provides the television media with a new way of thinking and a new field of development.

Against the main background of the Huang He, "He Shang" liberally comments on historical and modern events in China and other countries. Making use of historical contemplation and debates, "He Shang" examines the role of China in the development of world history, reviewing and pondering its role in the torrents of history. From a historical and realistic point of view, utilizing an enormous amount of information, it exposes China's cultural and social structures; the rise and decline of civilization; its land, water, science, technology, philosophy, population, and education; and its new approach toward the dragon, the Great Wall, and historical personages. With a theme calling for reform and urging the people to press forward, it expresses the hope that the 1 billion-strong Chinese population will experience a mental breakthrough and a "unity of strength."

By means of a brand new technique, the television series has explored a new arena of expression, thus breaking through television's convention of discussing political affairs only superficially. By integrating and alternating voice and visual effects, adding a touch that can clinch the point, as well as using symbolic measures, subtle plots, and sharp contrasts, "He Shang" is able to stimulate strongly the viewers' sentiments, making it a good show that can move people. The television series has dealt with at least 20 to 30 thought-provoking issues, such as: Was the drifters' struggle in the Huang He a heroic act or needless sacrifice? Why has the land of the four great inventions declined? The legends about the dragon, the Great Wall and Chinese civilization, population and the quality of the people, the rallying strength and openness, inland civilization and maritime civilization—was the age-old Huang He a blessing or a scourge?

and so forth. Utilizing all punctuation marks—exclamation points, question marks, commas, semicolons, ellipses—but fullstops, the television series gives viewers ample space for thinking and association, rousing and awakening the deaf. By means of large quantities of tangible information and the combination of emotions and reasoning, the "He shang" series has opened a new field. Not as imposing as the other television series, "Let History Tell the Future," nor as emotional as "Talking About the Grand Canal," "He Shang" is powerful in terms of its political views and thought-provoking capability.

"He Shang" is a work of relatively high quality produced under the guidance of serious creative thinking. Watching this television series, viewers are able to promptly adjust the range of their attention; their feelings will run high and low while following the rhythm of the picture frames. Although it is a television thesis with a strong political nature, it does not make people feel dry as dust. It does not judge each case as it stands, nor does it put on a show of surprise. It often gives people ample space to think deeply. Although it dwells on the course of history and the development of the world with great ease, as well as in breadth and depth, its basic point is invariably the feelings of the young men and women along the Huang He and its deep connotations. It demonstrates a strong sense of history and reality. In some places, it almost makes people strike the table and rise to their feet in surprise.

However, this is not enough. The title given by the writer—"He Shang"—has profound implications. But this title seems to be inappropriate and unpopular. The technique of alternating audio and visual effects is a good one, which breaks with the old custom of speaking with the aid of a picture. In some instances, however, the utilization of this technique is not very good. Some of the wording used in the series is excessively acrimonious and extremist. Since it represents a thought-provoking television culture, it would have been better if it had been precise and penetrating, standing on an even higher plane. It should have avoided stirring up endless commotion. I am excited about the emergence of this type of work, and I hope that more new ventures of this type will appear on the television screen. Only in this way will it be possible to improve continuously our ideological and cultural standards on television.

**NPC Adopts Decision on Democracy, Legal System**  
*OW1211054688 Beijing XINHUA Domestic Service  
in Chinese 1632 GMT 8 Nov 88*

[Text] Beijing, 8 Nov (XINHUA)—Decision of the NPC Standing Committee on Fostering Democracy, Improving the Socialist Legal System, Maintaining Stability and Unity, and Safeguarding the Smooth Progress of Reform and Construction

Adopted by the Fourth Meeting of the Seventh NPC Standing Committee on 8 November 1988

The Fourth Meeting of the Seventh NPC Standing Committee maintains that the guiding principle set by the 3d Plenary Session of the 13th CPC Central Committee on cleaning up the economic environment, improving economic order, and deepening reform in all fields is a correct principle which is in line with the fundamental interests and demands of people of all nationalities in the country. Implementing this principle should be a mission of all state organs and people throughout the country. To ensure the accomplishment of this major mission, we must continue to promote socialist democracy and improve the socialist legal system so as to maintain stability and unity and create an even better political and social environment. While doing all these things themselves, all state organs should work in unity with the people in striving to accomplish the following:

1. Correctly understand China's current economic situation. During the past decade China has achieved enormous successes in reform and construction. The national economy is developing vigorously, national strength is much stronger, and the people's livelihood has improved noticeably. Meanwhile, certain difficulties and problems have cropped up during the progress. The main problems are: The total social demands are higher than the total social supply, triggering a conspicuous inflation and excessive price rises; injustice in social distribution; and corruption among some state functionaries. We must fully estimate the complexity and formidability of reform and construction, and earnestly sum up our experiences and lessons. We must uphold whatever policies must be carried out during reform and development, seriously resolve the problems caused by inexperience or mistakes, and seriously handle all lawless behavior and lack of discipline that jeopardize the interests of the state and the people. We should, by analyzing the situation in the spirit of seeking truth from facts, help cadres and people correctly understand the difficulties and problems appearing during reform, so that they will strengthen their confidence and firmly adhere to the course leading to the objective. People of all nationalities in the country must rally even closer around the CPC, work with one heart and one mind, fight hard, work diligently and thrifitly in building the country, and explore new ideas so that our society will become a vigorous and orderly one enjoying long-term stability.

2. Intensify centralized leadership so that there will be a unity of actions in enforcing all bans and prohibitions. All localities, departments, enterprises, and institutions must observe strict discipline, earnestly perform their responsibilities, and firmly carry out all the decisions of the State Council on intensifying macroscopic regulation and control. To curtail inflation, we should firmly curtail the total social demands—especially the size of capital construction and social institutions' purchasing power—slow down the excessive speed in the development of

industrial production, and strictly control money supply and credit. We should make every effort to promote agricultural production, strive to increase the supply of agricultural products and nonstaple foods, light industrial and textile goods, as well as energy and raw and semifinished materials. We should earnestly eradicate all types of chaos in our economic life, especially those within the sphere of circulation. We must make sure to implement the measures drawn up by the State Council for holding down price increases next year so that they will be noticeably lower than that of this year. All the powers that ought to be centralized by the central authorities should be centralized. All localities and departments must take the interests of the whole into account, safeguard and subordinate to the interest of the state, and not overstep their authority. We must earnestly implement the "State Industrial Enterprise Law," and continue to reform enterprises—especially the large and medium enterprises—in order to invigorate their operations. Whatever authority the state has delegated to enterprises may not be withheld by anybody in the middle. Those units and individual officials who have no sense of organization and discipline must be handled seriously. Meanwhile, we must attach great importance to the development of education, science, and technology so that economic construction can proceed on the basis of scientific and technological advancement and workers' higher proficiency.

3. We should make full use of our legal weapons to strike at economic and other crimes. All state organs and leading cadres must make sure that laws are enforced during the course of reform and construction. The criminal law, the decision on harshly punishing criminals who have seriously undermined the economy, the supplementary regulations for punishing smuggling, and the supplementary regulations for punishing corruption and bribery, as well as other relevant laws adopted by the NPC and its Standing Committee have clear provisions governing the maintenance of economic and social order and the punishments for smuggling, corruption, theft, speculation, tax evasion, giving or accepting bribes, and other crimes. They should serve as powerful legal weapons for cleaning up the economic environment, improving the economic order, and ensuring honest government. We must make sure that all laws are followed and seriously enforced, and that all lawless acts will be investigated. We must firmly strike at all economic crimes and thoroughly investigate criminals, regardless of who they are, and punish them according to law if what they have done constitutes a felony. Anyone found guilty of extortion, corruption, embezzlement, giving or accepting bribes, speculation, smuggling, and trading smuggled goods must be seriously handled according to law. If it is necessary to investigate criminal responsibilities, we must do so, and nobody may interfere or cover up. State functionaries, especially those in leading positions, must perform their duties honestly, observe discipline and law, earnestly perform the responsibilities the people have given to them, and serve the people wholeheartedly.

4. Foster socialist democracy and bring the initiative of people throughout the country into full play. We should safeguard citizens' democratic rights of participation in administering state, economic, cultural, and social affairs, and rely on the resourcefulness and strength of the vast number of cadres and people to surmount difficulties and do our jobs well. State organs' activities should be more open, and they should establish consultative dialogues with people in all sectors so that there will be two-way communications and better mutual understanding between the upper and lower departments. State organs and their personnel must accept the people's supervision and fully support them in exercising their democratic rights. As for citizens' petitions, accusations, and information, relevant state organs must verify the facts and handle the cases seriously; nobody is permitted to repress work or retaliate in revenge. Supervisory and law enforcement organs and their personnel should accept supervision even more readily. Organs providing public services should open their work to the masses so that the people can oversee their operation.

5. Consolidate and develop political stability and unity. Stability and unity are indispensable for cleaning up the economic environment, improving economic order, and deepening reform in all fields. State organs at all levels must intensify and improve their ideological and political work, be good at settling social conflicts with democratic and legal measures, and strive to nip all problems in the bud. Proceeding from the need to safeguard stability and unity, each and every citizen should properly exercise his or her constitutional and democratic rights and fight against all phenomena that jeopardize stability and unity. To maintain normal social order for production, work, teaching, scientific research, and the people's livelihood, judicial departments at all levels must earnestly perform their duties and punish all felons who undermine reform and construction and who endanger public order.

6. Standing committees of the NPC and all local people's congresses must make sure that the work of cleaning up the economic environment, improving economic order, and deepening reform in all fields is the first and foremost important task at present. The NPC Standing Committee must intensify its legislative work so that there will be legal guidance for all types of economic activities. It should intensify drawing up laws relevant to cleaning up the economic environment and improving economic order. In light of local situations and needs, provincial people's congresses and their standing committees must actively draw up relevant local laws and regulations. On a selective basis the NPC Standing Committee should inspect the implementation of important economic laws and make sure that they are earnestly enforced by relevant departments. The NPC Standing Committee should, in the form of hearing work reports and organizing members on inspection and investigation tours, support the government and people's courts and procuratorates in enforcing and supervising the implementation of the principle of cleaning up the economic

environment and improving economic order. Deputies of NPC and local people's congresses must maintain close ties with the masses, always be ready to understand and reflect their demands, put forward constructive suggestions and ideas, which relevant departments should seriously study and answer. The standing committees of the NPC and local people's congresses must exercise their constitutional and legal rights and do their jobs well under the guidance of the principles set by the 3d Plenary Session of the 13th CPC Central Committee.

China's situation is, on the whole, good, and it is taking effective measures to solve its problems step by step. As long as the people in the country unite as one and work hard together, we certainly can attain our objectives. People of all nationalities in the country should confidently involve themselves in cleaning up the economic environment, improving economic order, and deepening reform in all fields; intensify material and spiritual construction; and contribute their share to China's great cause of socialist modernization.

**'Gist' of CPPCC Committee Work Detailed**  
*OW1511011088 Beijing XINHUA Domestic Service  
in Chinese 0706 GMT 10 Nov 88*

[Text] Beijing, 10 Nov (XINHUA)—Gist of the work of the Seventh National Committee of the CPPCC (adopted by the Third Session of the Standing Committee of the Seventh CPPCC National Committee on 16 October 1988)

The Seventh National Committee of the CPPCC should take as its guiding ideology the basic line of the Communist Party of China during the initial stage of socialism. Its central task is to mobilize all positive factors, unite with all forces that can be united with, adhere to the four cardinal principles, uphold reform and opening to the outside world, conscientiously implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and promote economic development. Its main duty is to display socialist democracy and perfect the multiparty cooperation system and the political consultation system under the leadership of the Communist Party. At present, it should actively work to improve economic environment, rectify economic order, and deepen the reform in an all-around way.

**I. Amplify and Substantiate Systems Relevant to Political Consultation and Democratic Supervision**

Political consultation and democratic supervision are the main functional responsibilities of the CPPCC. In accordance with the guidelines of the 13th CPC National Congress, it is necessary to further strengthen consultation and supervision with respect to important national policies and major problems concerning the masses' livelihood. In order to gradually make political consultation and democratic supervision routine practices, it is necessary to institute and improve necessary rules and regulations and seriously implement them.

1. In light of past experience and the demands of future work, it is necessary to formulate interim regulations for political consultation and democratic supervision in order to prescribe the contents, forms, and working procedures of political consultation and democratic supervision.

2. It is necessary to implement conscientiously the "Working Rules of the Standing Committee of the CPPCC National Committee" and the "Working Rules of the Secretary-General and Deputy Secretaries-General of the CPPCC National Committee." It is necessary to adhere to various conference rules and regulations, and it is necessary to examine, discuss, and handle important suggestions and examine and approve lower-level requests in accordance with prescribed procedures. It is necessary to sum up experience constantly and gradually improve and perfect existing systems.

## II. Improve the Work of Special Committees

1. The special committees are the working bodies for the CPPCC National Committee to organize regular activities of its members. It is necessary to improve their leadership structure and enrich the contents of their work. Special committees should carry out activities in accordance with the "General Organic Rules of the Special Committees of the CPPCC National Committee." Each special committee should formulate simplified rules for its work according to its characteristics.

2. Special committees, working under the leadership of the Standing Committee and the chairmanship meetings, shall specifically perform the tasks put forward by the plenary meetings of the National Committee and the meetings of its Standing Committee. Special committees shall hold forums or conduct surveys on important questions concerning the country's political affairs, economy, science and technology, education, culture, legal system, nationalities, Overseas Chinese, religions, foreign affairs, social life, and the united front. Important suggestions made by special committees may be submitted to the Standing Committee or the chairmanship meetings for discussion.

3. Special committees should ensure the participation in various activities by as many committee members as possible. They should comprehensively listen to opinions of various quarters, keep in touch with the departments concerned, and support and cooperate with those departments.

4. The Cultural and Historical Data Research Committee should organize and encourage its members and the personages with whom it has connection to actively write cultural and historical materials and serve the building of socialist spiritual civilization.

III. Forge Close Ties With the Members and Organize Inspection Activities 1. Forging close ties with all CPPCC members is the key to improving the work of the CPPCC National Committee, because it will enhance members' initiative and deepen the work of political consultation and democratic supervision.

2. It is necessary to continue the practice of promoting close ties between the CPPCC National Committee and provincial-level CPPCC committees and to continue the direct ties between the national committee and CPPCC members. Methods of forging ties include the following:

(1) CPPCC members' activity days should be held regularly, and efforts should be made to improve CPPCC auditorium activities [chong shi zheng xie li tang di huo dong nei rong 0339 1395 2398 0588 4409 1016 4104 3172 0520 0355 1369]. The purpose of these activities is to promote contacts and understanding among CPPCC members and between CPPCC members and comrades of the national committee and responsible persons of other organizations.

(2) When the Standing Committee holds a forum to discuss special issues, it should invite members of relevant special committees to take part in the discussion.

(3) When a special committee holds a forum or conducts an investigation on a special subject, it should include the participation of relevant members.

(4) A special committee should maintain contact with CPPCC members who are not its members and, in accordance with the wishes of each individual, should notify them of its activities and seek their opinion on specific issues;

Specific measures should be worked out in consultation with CPPCC members from Hong Kong and Macao in order to strengthen ties with them and to enable them to play their role more fully.

(5) All CPPCC members can submit motions during plenary sessions of the CPPCC National Committee. In addition, they may also submit motions to the national committee when it is not in session; they may also write to the national committee or maintain contact with it by other means. All letters and motions from CPPCC members must be earnestly handled one by one without fail.

3. To keep its members informed, the CPPCC National Committee should convene irregular meetings to hear reports and distribute study and reference materials to its members in order to enable them to understand the policies of the CPC and the government and the progress of work on all fronts.

4. The following methods should be adopted when organizing inspection tours by CPPCC members:

(1) In accordance with the resolution of the CPPCC National Committee and the suggestions of CPPCC members, its general office shall organize annual group inspection tours to study special issues in some selected areas.

(2) Each time before the plenary session of the CPPCC National Committee is convened, it should instruct provincial-level local committees to organize CPPCC members in their respective localities to make inspection tours to study matters in connection with the main topics to be discussed at the session.

#### **IV. Encourage Democratic Parties, Patriotic Personages Without Party Affiliation, and People's Organizations To Play Their Role**

1. The CPPCC National Committee should earnestly implement the system of multiparty cooperation under the leadership of the CPC and give full play to the role of democratic parties, patriotic personages without party affiliation, and people's organizations.

2. In accordance with the policy of "long-term coexistence and mutual supervision" and the principle of "treating each other with all sincerity and sharing weal and woe," the plenary session of the CPPCC National Committee, the meeting of the CPPCC Standing Committee, and the presidium meeting should listen to the suggestions of responsible persons of democratic parties, the representatives of patriotic personages without party affiliation, and the responsible persons of people's organizations. All special committees should invite CPPCC members from among members of democratic parties, patriotic personages without party affiliation, and representatives of people's organizations to take part in their respective activities, including activities of external affairs, society activities for the reunification of the motherland, and other important political activities of CPPCC organizations. Some activities can be jointly organized by special committees and the relevant democratic parties or people's organizations.

3. The CPPCC National Committee should vigorously support democratic parties and people's organizations in running undertakings that are useful to the modernization drive, help them to strengthen ties with other relevant departments, and create conditions for them to work well.

4. The CPPCC National Committee should coordinate with democratic parties to help them solve key issues in their work and other affairs of similar nature.

#### **V. Promote the Work for the Reunification of the Motherland**

1. Promoting the reunification of the motherland is an important task for the CPPCC. Therefore, the CPPCC National Committee should make the best use of its role and carry out this work earnestly in accordance with the policies and measures of the Central Committee.

2. The focus of this work at present should be the vigorous effort to promote contacts and understanding between the people of all walks of life on both sides of the strait and to strengthen exchanges, ties, and cooperation in the fields of economy, science, technology, culture, education, and sports on both sides of the strait. Flexible activities should be conducted to promote friendship with Taiwan people by giving play to the role of CPPCC members who have some influence on Taiwan or connections there.

#### **VI. Develop Friendly Relations by Doing a Good Job in External Affairs**

1. In carrying out its external affairs work, the CPPCC National Committee should see to it that this work meets the needs dictated by the current situation of reform and opening to the outside world. It should study the major issues concerning foreign nationals or firms and relevant policies in connection with opening to the outside world and make relevant suggestions. The CPPCC National Committee should support the government's foreign affairs work by making public its views on some major international issues.

2. In carrying out its external affairs work, the CPPCC National Committee should stress people's diplomacy and forge extensive ties with the relevant organizations and personages of various countries. It should promote understanding, publicize the role and status of Chinese people's political consultation, publicize China's policies, and strengthen friendly contacts and cooperation with the people of all countries through exchanges. At the same time, it should coordinate with other relevant organizations and departments in the country in order to help them do a good job in taking care of foreign delegations.

3. The work of external affairs should be varied and flexible. The CPPCC National Committee should conduct major external activities. In addition, the special committees may also promote exchanges with relevant organizations of foreign countries in a planned way in order to develop friendly relations with them. In carrying out external affairs work, it is necessary to strengthen unified leadership and coordination and to strictly observe discipline concerning external affairs.

#### **VII. It Is Necessary To Strengthen Ties With Local CPPCC Organizations and Provide Better Guidance to Them**

1. The CPPCC National Committee should improve its ties with local committees, particularly provincial-level local committees, in order to keep itself informed of their work there. It should also exchange experiences with them so as to make local political consultation and democratic supervision a regular and institutionalized practice. Responsible persons of local CPPCC organizations should be invited to attend some important meetings as observers.

2. The CPPCC National Committee and the special committees (work groups included) of local CPPCC committees should strengthen ties and increase exchanges. In some cases investigation of special issues may be organized jointly.

3. If necessary, irregular national meetings may be convened to discuss common problems relating to political consultation work.

### VIII. Raise the Degree of Opening to the Public

1. The work of the CPPCC National Committee should be gradually opened to the public. Reporters should be invited to cover congresses, meetings of the Standing Committee, and meetings of the special committees. Group meetings of congresses may totally or partially be opened to the public. In general, suggestions, proposals, and criticisms voiced in the course of political consultation and during special forums should be made public. The proceedings of congress meetings, meetings of the Standing Committee, and of the special committees may be televised live or reported by special programs on a selective basis.

2. If necessary, the CPPCC National Committee should hold irregular press briefings and press conferences.

3. RENMIN ZHENGJIE BAO ["People's Political Consultation News"] should publicize the principal functions of political consultation and democratic supervision and serve as a place for CPPCC members and people of all walks of life to express their political views and voice their opinions. It should fully report the activities of the CPPCC National Committee, local CPPCC committees, democratic parties, patriotic personages without party affiliation, and relevant people's organizations, and should publicize more effectively socialism, patriotism, and the theory and policies of united front work.

### IX. It Is Necessary To Strengthen the Building of Organs

1. To carry out the work and activities of the CPPCC National Committee, it is necessary to improve the organizational structure of organs and offices. It is necessary to improve various kinds of work systems, clearly define the functions for each department, and introduce scientific management in order to raise work efficiency. Work should be summed up and checked regularly.

2. All organs of the CPPCC National Committee and their working personnel must be mentally prepared to serve the plenary sessions of the CPPCC National Committee, the meetings of the Standing Committee, and the meetings of the presidiums. They must serve the work of the special committees and help CPPCC members carry out their duties. Administrative departments should render service to help the work and livelihood of organs'

working personnel. All working personnel should be honest and work selflessly for the public. Seeking personal gains by abusing power is strictly prohibited.

3. The CPPCC National Committee is a unified organization. All departments must keep the interest of the whole in mind and work in unison under the unified leadership of the secretary general and should strive to improve the quality of their service.

4. It is necessary to promote cooperation between the CPC and democratic parties as well as personages without party affiliation by carrying forward the spirit of democratic consultation. In carrying out work in various organs, it is necessary to practice democracy by earnestly listening to different opinions while enforcing democratic centralism. The functions and powers of members of democratic parties and personages without party affiliation who serve as leading members in various organs must be respected. It is necessary to increase the proportion of members of democratic parties and non-party members among the cadres of various CPPCC organs.

5. It is necessary to improve the work of handling letters and visits from the masses. Letters and visits from the masses constitute one of the channels through which CPPCC organizations can forge ties with them. Therefore, problems raised by the masses must be earnestly handled with responsibility. Important trends and major problems reported in the masses' letters or during their visits must be promptly reported to higher authorities.

6. All organs of the CPPCC National Committee must strengthen investigations and studies. At present, they should concentrate on studying the new problems and new situations emerging in the course of improving the economic environment and rectifying the economic order, on studying ways to increase their roles following the 13th National Party Congress, and on studying ways to improve their work in the course of carrying out the reform of the political system.

7. Working cadres of all organs of the CPPCC National Committee must earnestly study Marxism and the theory of the primary stage of socialism, and study and understand the party's policies and principles, particularly its united front work policy for the new period, in order to constantly raise political and professional quality. To enhance the initiative of cadres, it is necessary to carry out the work of assessing specialized technical jobs in line with the reality in the CPPCC organs and in accordance with the unified plans and stipulations of the Central Leading Group for Job Reform.

**Wang Zhen Discusses Applying Party Policies**  
HK1111045688 Beijing RENMIN RIBAO  
in Chinese 8 Nov 88 p 1

[Dispatch by reporter Wang Chu (3769 2806) from Shenzhen: "Wang Zhen Stresses the Need To Draw Clear Lines of Demarcation in Applying Party Principles and Policies in the Course of Improving the Economic Environment"]

[Text] "It is necessary to draw clear lines of demarcation in applying party principles and policies in the course of improving the economic environment and rectifying the economic order. Efforts must be made to straighten out all the problems and guard against stereotyped practice in so doing." These are the remarks made by Chinese Vice President Wang Zhen when he inspected Shenzhen from 4 November to 7 November of this year.

Speaking of the relationship between improving the economic environment and rectifying the economic order on the one hand and the reform and opening up to the outside world on the other, Wang Zhen said that the purpose of improving the economic environment and rectifying the economic order is to deepen the reform, open China further to the outside world, and create a favorable external environment. If everything were in disorder, it would be impossible for China to effectively implement its policies of reform and opening up to the outside world in an all-around way. Some of the existing problems can only be resolved through deepened reform. Therefore, improving the economic environment and rectifying the economic order is ultimately aimed at bringing about a healthier and more coordinated development of all types of economic work.

Wang Zhen stressed that it is imperative to draw a clear line of demarcation between "official profiteering" and normal business operations. Wang Zhen said that there are only a small number of cases of "official profiteering." It is necessary to support and protect all the legitimate business operations. While making great efforts to improve the economic environment and rectify the economic order, efforts must also be made to invigorate the circulation field and observe the economic law.

During his talk, Comrade Wang Zhen repeatedly stressed the need to safeguard the authority of the party and the government, heighten the sense of discipline, and strictly enforce orders and prohibitions.

Comrade Wang Zhen fully affirmed the achievements made by the Shenzhen Special Economic Zone in its economic construction and highly praised the achievements made by the Shenzhen Special Economic Zone in its reform of the secondary and primary education systems. Commenting on the work of the Shenzhen Special Economic Zone, Comrade Wang Zhen said that the Shenzhen Special Economic Zone is the first and earliest special economic zone in the whole country. In order to speed up the construction of the Shenzhen Special Economic Zone, it is necessary to correctly grasp the orientation and trend of the world economic development, grasp good opportunities, actively invite foreign funds, greatly develop economic associations with the hinterland, give full scope to China's advantages, and be bold to carry out reform and explorations.

Comrade Wang Zhen has inspected Shenzhen many times. His recent visit to Shenzhen is the second in this year. In the morning, Comrade Wang Zhen visited the

Shenzhen Middle School and the Luoling Primary School of Shenzhen with great zest and had a talk with the teachers there.

**Government To Consider More Autonomy for Cities**  
HK1211004288 Beijing CHINA DAILY  
in English 12 Nov 88 p 4

[By Gu Chengwen]

[Text] The Chinese central government is considering giving big cities more power and autonomy in a bid to strengthen their functions and pull down inter-provincial barriers for economic development.

Some economists are proposing that extra large cities which have been separated from the provincial economic plans and included directly in the State overall programme should be turned into provincial level municipalities.

Among the candidates are Chongqing, Dalian, Wuhan, Shenyang, Guangzhou, Harbin and Xi'an, Zhu Limin, deputy chief of the Big Cities Department under the State Commission for Restructuring the Economy, said in an interview with CHINA DAILY.

Zhu said the cities have already been designated as "cities with a separate plan" and have become economic centres that are playing an increasingly important role in the country's economic development and reforms.

These cities were simultaneously given provincial power of economic management and designated as experimental bases for comprehensive economic reforms.

Four other cities have been added to the list in the past year—Xiamen, Ningbo, Qingdao and Shenzhen.

All these cities used to be completely governed by provinces. They had little power or money to develop themselves. They lacked the necessary infrastructure. Enterprises plodded along with outdated or worn-out equipment.

Decades ago these cities were economic centres. But the rigid management and the highly centralized planning economy prevented them from realizing their potential. To a great extent, they were isolated.

They were not allowed to deal directly with foreign businesses. Foreign trade was a provincial matter.

Big cities like Dalian and Qingdao could only sit back, powerless, like watching the tide.

The provinces tended to develop an economy closed to each other, resulting in needless duplication and unreasonable deployment of industries, Zhu said.

Resources were wasted in some places while they were badly needed elsewhere. Communications and transportation means were strained to the limit.

In achieving autonomy from provincial economic plans, the big cities have been able to get funds, raw materials and energy as they need.

By granting them provincial powers to manage their own economy, the cities are able to avoid many tiresome approval procedures and go directly into economic activities.

With suburban counties coming under the jurisdiction of these cities many of the barriers that existed between urban and rural areas have been pulled down.

The transfer of enterprises once owned by the ministry or province to the cities has made it possible to set up horizontal co-operation between enterprises and to build up a reasonable economic base.

Shu said the cities separated from the provincial plans increased their industrial and agricultural production by an average annual rate of 12.05 per cent between 1984 and 1987. State revenues grew an average of 14.2 per cent over the same period.

In the first half of this year, production was up 14.95 per cent. Revenues were up 9.83 per cent and exports, 43 per cent.

Exports of Chongqing city now account for 25 per cent of its total industrial and agricultural production compared with 10 per cent four years ago.

These cities have formed economic co-operation organizations with other provinces. Chongqing has one involving six provinces.

The big cities have become the testing ground for nearly all major economic reforms. Their experiences have provided valuable lessons for the whole country.

But many old rules and regulations are restricting the cities from fully developing their economies. Cities still do not have legislative power.

That power rests in the hands of provincial people's congresses, whose standing committees usually meet every three months.

The slow pace of the legislature often lags behind the rapid development of the economy. "We are trying to solve these problems and deepen our economic reforms," Zhu said.

**Article Urges Property Rights Revolution**  
*HK1211033988 Shanghai SHIJIE JINGJI DAOBAO  
in Chinese 24 Oct 88 p 14*

[Article written and sent from the United States by Chen Shenshen (7115 3947 3947): "China's Property Right Revolution"—first two paragraphs are SHIJIE JINGJI DAOBAO introduction]

[Text] The most important problem concerning China's revolution is to set the goal or, in other words, to decide what kind of economic structure and what kind of political structure it should establish. If we talk about "drawing a distinction between ourselves and the enemy" without paying any attention to the search for new systems, we will turn the revolution into one of which the goal is to seek a "good emperor" and give up working for the establishment of new systems.

No real enterprises have been created as a result of "decentralization and the concession of profits." The idea of a property rights revolution has been widely accepted. However, it has not been put into practice in the course of the reforms. To establish a new property rights system, it is necessary to delegate property rights and responsibility to enterprises and individuals.

**Problems Arising From Economic Development Since the Beginning of This Year**

Inflation, corruption in government organs, "decentralization and the concession of profits," and their resulting problems have aroused extensive attention in China.

Since the beginning of this year, two very outstanding problems have arisen from the country's domestic economic development. Although they were not nonexistent in the past, they have developed at a shocking pace this year.

The first problem is inflation. Prices are going up at a shocking pace. Most parts of the country have seen panic buying. The practice of hoarding and cornering is no longer confined to the people. Many enterprises are now involved and some of them even deliberately hoard raw and processed materials and resell them at a profit. However, they are not willing to invest money in production. If this continues, the situation will certainly worsen.

The second problem is corruption in government organs. Today's reality can no longer be adequately described in terms of the expression "unhealthy practices," which was quite popular a few years ago. The newspapers have extensively reported on the phenomenon of "bureaucrat-speculators." What does this phenomenon tell us? It tells us that corruption in government organs is no longer confined to individuals. Whole departments and their associated departments at all levels are involved. In the past, there were people who held the view that as long as

the ill-gotten money was not pocketed by a few individuals, but shared by all the employees of the departments involved, this could not be called graft. However, this view has been criticized by jurists. Crimes committed by government organs and social organizations are commonplace today. However, these crimes are more dreadful because they mean greater harm and are more difficult to deal with.

Apart from the above two problems, there is a third which merits special attention. As a result of the pursuit of the basic policy of "decentralization and concession of profits" in the context of the reforms carried out over the past 10 years, there has been a downward transfer of the government's powers, and the system which we referred to as "an economy featuring a high degree of centralization and mandatory plans" has ceased to exist. In other words, it is no longer possible to solve today's problems by means of an economy featuring mandatory plans.

How then, should we solve today's problems?

We can go into greater depth in considering this question. As a continuation of the several thousand years of Chinese history, what is the significance of the economic structural reform that we have been carrying out for 10 years? What kind of a historical choice do we now face?

#### The Historical Cycle

Property rights were never protected in China. Each individual could only secure profits by affiliating himself to a particular administrative system. A dynasty came to an end as soon as the domination of political affairs by minor civil officials led to high social production costs that society could not afford. Chinese history repeated itself like this for several millennia.

In the past 2,000 years or so of Chinese history, the replacement of one dynasty by another was an easily observable, basic fact. Dynasties rose and declined. However, all of them inevitably have disappeared.

Who were the real rulers of the country and who should be blamed for dynastic downfalls?

I am not a historian. The task of carefully and systematically examining historical issues must be left with historians. I only want to point out, from the angle of economic life, two very important facts that have been overlooked.

The first is that there was never genuine private land ownership in China. Property rights were never protected. "All land under the heaven belongs to the emperor." In Chinese history, the emperors officially owned everything. In reality, they represented political power and were the highest leaders of government administrative organs. Under such a property system, the government's administrative power was omnipresent

and each individual had to attach himself to the government system. As the highest leaders of the government system, the emperors had unlimited power. All people were either their subordinates or slaves. In addition, officials appointed by these emperors were masters in their own domains and their subordinates were actually their slaves. Therefore, Marx referred to this system in Chinese history as "universal slavery." What made this system different from Western societies was that under this slavery system, only the emperors were the highest slave owners. Government officials were their superiors' slaves. However, they were slave owners as far as their subordinates were concerned.

The second fact is that in Chinese history, the emperors' power was restricted in various ways. Officials at various levels actually enjoyed great power. The concentration of power in the hands of civil officials, or even minor civil officials, was a common phenomenon. At the inception of a dynasty, which was usually preceded by prolonged natural or man-made calamities, society faced outstanding problems. At that time, the emperor, as the topmost administrative leader, could more easily formulate correct principles and policies that society readily accepted. The economic achievements that followed the implementation of these principles and policies provided the most necessary material foundation for the consolidation of the rule of the new imperial house. However, after the most urgent problems confronting society had been basically solved, the principles and policies formulated by the emperor would become unacceptable, and increasingly so, to society. Therefore, the emperor would have to let more and more of his ministers and officials formulate national policies. As a result, the influence of bureaucrats began to grow. To secure their own benefits, the ministers tried to manipulate the emperor by various means. The same thing happened in local governments at various levels. It frequently happened that people tried to use and manipulate their superiors. Since people could not secure benefits beyond the domain of the government's administrative control, they worked their way into the government's administrative system with a view toward securing benefits by abusing administrative power. Given such a socio-political economic structure, the "democratic ways" of enlightened emperors could only expedite the growth of the influence of minor civil officials. The domination of political affairs by minor civil officials could lead to a rapid rise in social production costs. Bribes for minor civil officials would become an increasingly large part of the costs of social activities. Eventually, society could no longer afford such staggering production costs and the dynasty would come to an end.

It is not one of China's historical traditions to uphold property rights. New dynasties were always established through the ruthless exploitation of property owners who had survived the replaced dynasties. As soon as all property had come under the ownership of the new emperor and the new regime, the basis on which society used nongovernmental social forces to supervise the

government would come apart and the growth of the influence of minor civil officials would be a matter of time. New dynasties sowed the seeds of future decline and downfall when they were still enjoying prosperity and development.

It is an aspiration of modern Chinese intellectuals to free the country from this historical cycle. In addition, this is also the most important problem concerning our attempt to keep China's economy growing steadily for a long time.

#### **"Decentralization and the Concession of Profits" Reconsidered**

**"Decentralization and the concession of profits" have not really benefited enterprises. They lead only to the expansion of the administrative power of officials at lower levels. The phenomenon of "the domination of political affairs by minor civil officials" in Chinese history is seen again in today's China.**

The most fundamental policy governing China's reforms over the past 10 years is "decentralization and the concession of profits," which means the transfer of power and interests from the central government all the way down the administrative hierarchy until they reach grass-roots enterprises. Administrative officials who endorse reforms actually endorse this policy. The policy of "decentralization and concession of profits" has indeed yielded some desirable results.

However, the policy of "decentralization and concession of profits" does not constitute a real reform. If one is required to explain the effects of this policy on the reforms, one can only say that its greatest significance lies in the fact that the serious problems resulting from the pursuit of this policy are making more and more people realize that China must make some real and thorough structural changes in the economic field or, in other words, it must carry out a property rights revolution.

From a fundamental point of view, the policy of "decentralization and concession of profits" has been implemented in the course of the reforms precisely because it conforms to the process of the natural evolution of the system of centralization of power.

If, after the establishment of a centralized system, it becomes so powerful that no one can challenge or control it, it will inevitably decay and more and more people will try to take advantage of the defects of this system in an attempt to secure personal benefits. As soon as the leaders under this system fail to show that they can thoroughly analyze social situations and make the correct relevant judgments, forces within various classes and various departments under this system will begin to develop. Government departments at all levels will, by lawful and rational means, demand that the central government give them more power. Similarly, all those

who are subordinates will also demand that their superiors give them more power. This is the reason why the policy of "decentralization and concession of profits" is being so widely supported. There are always more subordinates than superiors.

If the goal of the policy of "decentralization and concession of profits" is to give enterprises completely independent property rights, the reforms then will become a real revolution. However, the only thing that China's economic structural reform has achieved so far is the downward transfer of more and more administrative power within the government's colossal administrative system. As a result of "decentralization and concession of profits," the power of people at lower levels is expanding rapidly. The phenomenon of subordinates manipulating their superiors and that of junior officials commanding senior ones are now becoming increasingly common. The problem of people doing business and trying to secure benefits by abusing their power is now too commonplace to cause a sensations. As a result, the country is now almost overwhelmed by corruption and the government organs' administrative functions have turned into the monopolization of the market. The recurring problem of the "domination of government affairs by minor civil officials" in Chinese history is now coming back to haunt today's socialist China.

#### **The Most Important Problem Concerning China's Revolution**

**The most important problem concerning China's revolution is not to "draw a clear distinction between ourselves and the enemy," but to establish new systems and revolutionize the property rights system.**

What is the most important problem concerning a revolution?

The most important problem concerning a revolution is to set goals and to find out what kind of economic and political structure should be established through the revolution. If we talk about "drawing a distinction between ourselves and the enemy" without paying any attention to the search for new systems, we will turn the revolution into one of which the goal is to look for a good emperor and give up working toward the establishment of new systems. Since the founding of new China, the idea of "drawing a clear distinction between ourselves and the enemy" has led to many mistakes. This idea has caused society to pay excessive attention to the conduct of individuals and to the question of who is in power and to give up working for structural reforms. As a result, the power struggle has become a very cruel matter under the banner of the revolution. In spite of the great cost paid, the economic and political structure remain unchanged.

On the question of structural reforms, we must adhere to the basic Marxist principle that the superstructure is determined by the economic base. Today, in China's

revolution, the most important problem is to revolutionize the property rights system. The property rights system is the foundation of its socioeconomic structure. Without a revolution of the property rights system, all laws purporting to embody equality will lose their most necessary social basis. If we cannot even tell which things belong to whom, how can we talk about economic equality? If the people's most basic economic rights are not protected, what is the point in pursuing political democracy?

The periodical social upheavals and the replacement of political regimes in the past 2,000 years or so in Chinese history had very similar causes. The root cause is that the property rights systems in force in various dynasties were almost completely identical except for some minor differences. If we do not reform the property rights system, history will repeat itself.

The idea of a property rights revolution was introduced shortly after the reforms were initiated. The idea is to separate government from enterprise functions, and to make enterprises truly independent business entities that assume the sole responsibility for their own profits and losses. However, this principle, which is widely accepted as correct, has not been implemented in the course of the reforms. Since the inception of the reforms, we have not built any real enterprises, but many "bureaucrat-speculators" have emerged. This is a necessary result of "decentralization and the concession of profits." Incorrect principles and policies have aggravated government corruption.

Since we have done very little to solve the problem of to whom property rights belong, nominal public ownership is becoming a system under which people simply refuse to assume responsibility because they can reap without sowing. It has turned the reform slogans into ones which encourage people to seek personal gains by abusing the powers entrusted to them. At the same time, it also makes the real reforms difficult to carry out and legalizes the special privileges of many administrative officials. However, it cannot provide the social basis which the advocates of structural reform rely on for their survival.

To revolutionize property rights is to delegate to the enterprises, but not certain government departments, the right to use, enjoy the use of, and transfer property. However, the responsibilities entailed by property rights should rest with enterprises and individuals. We should, on the basis of this, establish a taxation relationship between the government and enterprises and an employment relationship between the enterprises and their employees. It is necessary to accept the realities of bankrupt enterprises and unemployment. Without these radical changes in the economic structure, we cannot carry out real reforms and steady economic growth would be out of the question.

Such a property rights revolution does not imply that we will switch to all-around private ownership, but that we will have to apply a responsible ownership system, an ownership system that will not produce many corrupt officials.

#### Historical Choice

To revolutionize the property rights system, it is first necessary to reestablish the government's authority regarding the market economic order.

Will we be able to free ourselves from the 2,000-year-old historical cycle by carrying out reforms, or will we repeat our historical mistakes? We now have all kinds of opportunities before us.

If we let things take their natural course and leave the policy of "decentralization and concession of profits" unchanged or let haggling within the government's administrative system decide the fate of society, the fruits borne by the Chinese Revolution since the Opium War will come to nothing and one must conclude that the party's martyrs have shed their blood in vain; that we have not learned from the 10-year "Cultural Revolution" in spite of its staggering cost.

To free ourselves from the historical cycle and to revolutionize the property rights system, it is necessary to reestablish the government's authority on the basis of today's market economy. Without authority, stability is out of the question and it will be impossible to smoothly revolutionize the property rights system at a relatively small cost.

Where does the central government's authority come from? Today, China has established a market economy. The central government must derive its authority from its efforts to uphold market order, but not by relying on administrative control. A market economic system must be established on the basis of well defined property rights relations between the central and local authorities and between the government and enterprises. At present, there are too many central policy-making departments, government organs at various levels are corrupt, and there is the problem of inflation in society. All these problems are interrelated. The least costly way to extricate ourselves from our predicament is to let an authoritative central government call the shots and, with the establishment of a new economic structure as the goal of our reforms, to rely on society's elites in carrying them out. It is time we resolved to carry out the reforms. If we take a bold step by revolutionizing property rights, China will have hope.

\* **Xidian University Develops New Laser Diode**  
40080050 Beijing WUXIANDIAN in Chinese  
No 9, Sep 88 pp 20-21

[Summary] A "high-repetition ultrashort pulsed semiconductor laser," developed by Xidian University (Xian University of Electronic Science & Technology [formerly

Northwest Institute of Telecommunications Engineering), recently passed ministry-level technical certification in Xian. This type of laser diode is a critical component in high-speed fiber-optic communications systems, high-speed optoelectronic instruments, and optical data processing systems. Currently, only a small number of countries—such as the U.S., the Soviet Union, and Japan—have developed such a product; it is a high-cost, export-restricted item. Xidian University's independently designed and developed 5-milliwatt semiconductor laser costs only about one-fifth that of the product developed by the aforementioned nations.

**Delays Probable in Three Gorges Dam Project**  
**HK1411022188 Hong Kong HONGKONG STANDARD**  
**in English 14 Nov 88 p 6**

[By Chan Wai-fong]

[Text] The massive Three Gorges project along the Yangtze River, under study for 30 years, is considered unlikely to get off the ground in the next five years.

Premier Li Peng is understood to have denied recent reports the government was prepared to give the project the go-ahead.

"The project was recently brought before Mr Li Peng by an elderly scholar, Mr Zhou Peiyuan," said Professor Qian Jiaju, a member of the People's Political Consultative Conference (CPPCC) who strongly opposes the project.

"Mr Li told Mr Zhou the government was not ready to approve the project."

The project is by far the biggest hydroelectric project in the world.

Two years ago, after years of debate, a high-level co-ordinating group was set up to do further studies on a planned hydroelectric dam near Xiling Gorge, the easternmost of the three gorges.

In September, Mr Zhou, who also opposes the project, toured the Yangtze with more than 100 CPPCC members.

After the trip he proposed alternative projects along the Yangtze's tributaries.

Prof Qian, 80, said 90 percent of the group opposed the project because "it was not feasible under the present economic and social situations."

According to the latest estimate, the project would cost at least 100 billion yuan (HK\$210 billion) with returns expected 20 years later.

China is struggling with an over-heated economy, spiraling inflation, public spending cuts, price freezes and widespread problems of corruption.

"I am not against the project itself. My opinion is that the most urgent issue at the moment is education," the professor said.

"I think the government should give first priority to education which holds the key for China to the next century.

"The Three Gorges project is a very complicated issues. I am not an expert on hydroelectric power.

"We have no experience at tackling such situations: solving the problem of silt increasing downstream (and) the anticipated migration of people living along the river," he said.

The official Chinese press warned recently that soil erosion along the banks of the Yangtze could soon rival that of the Yellow River.

At present, 2.5 billion tons of soil are eroded into the Yangtze every year, the same rate as the Yellow River. In the early 1950s, the rate was 0.5 billion tons.

A forestry expert suggested erosion along the Yangtze could ultimately prove more damaging than along the Yellow River due to its geographic, geologic and climatic conditions.

An adviser to the Ministry of Agriculture, Animal Husbandry and Fisheries, Mr Bian Jiang, warned that the Yangtze was facing an ecological crisis.

Last month, the official PEOPLE'S DAILY reported that 14 feasibility studies on the Yangtze project had been completed.

the studies took more than two years and involved more than 400 scientists.

A report on the overall economic results affirmed the project was "rational and feasible."

"It will cost the country a great deal to put off the project," the report said.

But Prof Qian said some experts in the studies opposed the project. And Sichuan, the southwestern province which would be most affected, is strongly opposed to the plan.

"Whether these opposition voices are in the majority or the minority is not the issue. Nor is this a question of right or wrong," Prof Qian said.

"The plain fact is that the project is too enormous and China just cannot accommodate its implementation now."

**Hu Qili Rui Xingwen at Journalism Study Course**  
*OW1511134388 Beijing XINHUA in English*  
*1213 GMT 15 Nov 88*

[Text] Beijing, November 15 (XINHUA)—Rui Xingwen, member of the Secretariat of the Central Committee of the Communist Party of China (CPC), stressed here today that the Chinese press should play its role during the present period, when the reform is being deepened and the old system is coexisting with the new.

Addressing the opening ceremony of a 45-day advanced journalism course sponsored by the Propaganda Department of the CPC Central Committee, Rui said that Chinese public opinion should have correct answers for all the questions people may have in their daily lives so as to help promote the reform.

The special journalism class, the first of its kind, is being attended by chief editors and deputy chief editors from central and provincial newspapers, and other leading personnel in the propaganda field.

Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, said the purpose of the course is to improve journalism standards at a time when reforms are under way, to discuss the basic theory of socialist journalism and media management.

Rui pointed out that the Chinese press has improved markedly in the last 10 years. It has made great progress in openness, credibility, timeliness and quantity of information, he said.

Rui said he hoped that all those attending the course would be uninhibited in discussing the issues of journalism reform, public opinion and journalistic ethics. They should be ready to learn from the experiences of Western countries as well as to inherit the good tradition of Chinese journalism, he added.

Hu Qili, member of the Standing Committee of the Political Bureau of the CPC Central Committee, also attended the opening ceremony.

**Wan Li, Ding Guangen Inspect Tianjin Station**  
*SK1411235388 Tianjin City Service in Mandarin*  
*2300 GMT 13 Nov 88*

[Text] Wan Li, member of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee, and Ding Guangen, alternate member of the Political Bureau of the CPC Central Committee, director of the Taiwan Affairs Office of the State Council, and vice minister of the State Planning Commission, inspected the new Tianjin station on 13

November in the company of Li Ruihuan, secretary of the Tianjin Municipal party committee and municipal mayor, and Li Zhendong, municipal vice mayor.

Wan Li and Ding Guangen arrived at the Tianjin station in the morning. After hearing a report on the design and construction of the Tianjin station given by Li Zhendong, they visited the main hall, the computer control room, and the television monitoring system of the general building. In the afternoon, accompanied by Li Ruihuan, Wan Li and Ding Guangen inspected the outer ring road. They spoke fairly highly of the construction of the Tianjin station and the outer ring road.

Wan Li and Ding Guangen arrived in Tianjin on 11 November and returned to Beijing on 13 November.

**Rui Xingwen Meets Shanghai Writers in Beijing**  
*OW1511063588 Shanghai City Service in Mandarin*  
*2300 GMT 11 Nov 88*

[Special dispatch by station reporter Wang Manhua from Beijing]

[Excerpt] Rui Xingwen, member of the Secretariat of the CPC Central Committee, called on delegates from Shanghai to the Fifth National Congress of the All-China Federation of Literary and Art Circles, who were staying at the Air Force Guesthouse in Beijing.

In discussing efforts to promote culture, Rui Xingwen said: We should emulate other countries in encouraging business enterprises to sponsor cultural undertakings, such as the Shanghai Film Festival.

Rui Xingwen, who is acquainted with most delegates from Shanghai, shook hands with the writers and artists and asked them about recent works. [passage omitted]

**PLA Reform Brings Better Service**  
*OW1511051988 Beijing BEIJING REVIEW in English*  
*7-13 Nov 88 pp 23-25*

[Text] Last year, world expenditure on arms came to U.S.\$900 billion. China, a country with one-fifth of the world's population, spent only one-250th of this amount. How could China manage to provide for its armed forces with such a tiny allocation?

China is now in the primary stage of socialism and its developing economy cannot support much growth in military expenditure. Economic reforms, such as those implemented in the People's Liberation Army's logistics departments, have helped fill the shortfall in military allocations. Three basic steps are involved in the reforms.

### No Longer a Consumer

All armed forces in the world, no matter what country they serve, form a group of consumers, and China's are no exception. But the Chinese forces have something different from most of them. Over the years they have fostered a tradition of plain living. But with the latest economic reforms, the country's armed forces are recognizing the importance of developing production within the supply system to relieve as much as possible the burden they place on the state. Now production is serving both military and civilian needs.

Since 1985, all armed forces' hospitals have been open to the community, as have their warehouses, airports, harbours, maintenance and repair centres, gas stations, supply factories, and service co-operatives. Army hospitals treat 20 million out-patients and 1 million inpatients every year. Supply factories have turned out thousands of commodities for the market, more than 300 of which received quality awards from provinces, cities or army authorities; more than 100 of the commodities have found their way onto the world market.

The services' logistics research institutes have transferred to nonmilitary departments more than 300 scientific results, with proceeds totalling nearly 100 million yuan. In so doing, they have not only supported the country's economic construction but also made money to fill the gap left unfilled by state allocations.

Under the commodity economy, the Chinese armed forces are developing production in the hope of making money. To make money, economic laws must be adhered to.

Early this year, Pan Chunjin, a soldier who contracted a farm in 1986 in the Great Wildness in China's northernmost Heilongjiang Province, became a newsmaker. The farm, which had been operated at a loss for years by the Shenyang Military Area Command, produced four times the quantity of soybean and other cereals last year under the careful management of Pan and netted 390,000 yuan, leading the entire military area command in per capita profits.

Prior to 1983, about 42 percent of the army's farms ran at a loss and only 25 percent operated efficiently. In recent years, some of the army's farms, orchards, horse studs and small enterprises were selected to try the contract responsibility system, with much success.

The PLA General Logistics Department recently decided to introduce the director responsibility system to all farms, and grant the director management and production decision-making powers. The moves were designed to encourage independent management and accounting, and to turn the farms into dynamic, financially viable entities.

### Stress on Performance

For a long time, China's armed forces were guaranteed materials rather than cash allocations for buying supplies. Logistics officers made a point of stocking their warehouses heavily without considering real needs. In recent years, a series of measures were introduced to cut back on materials supply and dispose of some of the stockpiled supplies to free warehouses for civilian use. In addition, funds originally earned for medical care, transportation, and construction of barracks have been used by army units to buy needed supplies or order directly from factories. The reform has not only discouraged stockpiling, but saved China's forces an average of 10 million yuan a year.

Another drawback of the system of guaranteed materials supply was that it encouraged a dependence on the upper ranks to provide everything needed. Some unnecessary supplies were simply sitting in storerooms while other much needed materials were not received on time.

Under the old system, all expenditure on drilling and construction, no matter how great, was covered by the state, so vast sums of money disappeared to pay for these expenses.

The logistics departments have now introduced a commodity economy management. for example, they issue what is called "fuel ration coupons" to units which will then be refunded for any fuel saved. No fuel above the quota will be supplied. the mechanic departments set a quota for possible maintenance and repair expenses, and reward units which spend less than the quota. Under this new system many units are beginning to show restraint when it comes to spending money. Some have become so cost-conscious that they actually make calculations before they buy.

### Three Services Co-operate

Each of the three armed services originally had its own supply system so that duplication of facilities was found in most large and medium-sized cities. Each service considered only its own needs. For example, the army's hospitals would not treat patients from the navy and air force, and naval and air force maintenance and repair centres refused to service the army's equipment.

This exclusive form of service was recently replaced by what is called "a unified supply system," under which materials and equipment are available from any nearby supplier whether it belongs to the land, air or naval force. Any patient can receive treatment from any nearby hospital; gas stations offer services to all vehicles; and warships will be provisioned at any harbour, whether they belong to the navy, the army or the air force.

The introduction of this new supply system has made some suppliers busier than others. to encourage those with heavier work loads, a series of reward measures

have been introduced. Now army service centres willingly offer services to the navy and air force and naval and air force service centers try to better serve the land forces. A new dynamic supply network is taking shape throughout the entire Chinese People's Liberation Army.

**Officials To Streamline Foreign Exchange Use**  
*HK1511035288 Beijing CHINA DAILY in English*  
*15 Nov 88 p 1*

[By staff reporter Liu Hong]

[Text] Changsha—China is to step up efforts to stop unnecessary foreign-exchange expenditure, improve the administration of foreign-exchange transactions, and curb the rapid increase of foreign debt.

Addressing a meeting which opened here yesterday to work out measures regarding the foreign-exchange management of ventures involving overseas investment, Ling Zheti, deputy director of the State Administration of Exchange Control described the new effort as part of the nation's endeavour to slow down the overheated economic growth.

He listed four priorities in the current effort to streamline the country's foreign-exchange administration:

The first is to put the lid on the use of foreign exchange to buy foreign luxury consumer goods, and to stop the import of products or capital construction facilities that are available at home. Attention will also be given to limit the costs incurred by China's export business, he said.

A recent issue of *PEOPLE'S DAILY* reported that China had \$4.85 billion in favourable trade balance at the beginning of this year.

But the rising costs of purchasing export products and an increase in imports in the second half of this year has already resulted in a fast shrinking in the margin of this trade balance, Lin noted.

The second is to supervise closely the spending of foreign exchange traded from the foreign-exchange transaction centres.

According to a recently announced regulation on foreign exchange transactions, foreign currencies obtained via trading on the foreign exchange transaction centres shall be used to import some daily necessities and products which support agricultural production, key State projects, or technological development.

The third is to stop unauthorized borrowing of foreign loans and help guarantee that only the People's Bank of China, the country's official foreign currency bank, is in position to give permission for the borrowing of any new overseas loans.

No financial institutions or enterprises should float loans overseas unless they have permission to do so, Lin added.

A growing number of local governments and departments have been resorting to overseas loans as the country is practising a credit squeeze policy, according to Lin.

He warned that China needs to put a check on the expansion of its foreign debt since the country is approaching a point of having to make heavy repayment of its overseas loans.

**Economist Wu Jinglian on Price, Market Reform**  
*HK1511010788 Shanghai SHIJIE JINGJI DAOBAO*  
*in Chinese 17 Oct 88 p 12*

[“Special dispatch” from Beijing by Zhang Weiguo (1728 0251 0948) : “Wu Jinglian Points Out That Reform Is a Revolution Aimed at Shifting From the Old System to the New”—first paragraph printed in boldface]

[Text] Two problems will become insoluble as a result of allocating resources by administrative measures: information and interests. But when resources are allocated through the price-market mechanism, these two can be solved in a better way. The main drawback of market economy is “post-regulation” which will cause certain fluctuations. There is a macroscopic regulation issue in every modern commodity economy—a market economy under macroscopic regulation, which is precisely the one we are after. Reform is not made up of some isolated measures, but is a revolution which will effect a leap from the old system to a new one. This “leap” must be fast or there will be a vacuum and chaotic situation on the economic front. There will be disorder, which yields no returns at all.

Earlier, a large seminar held here on price and wage reforms experienced a series of climaxes, one of which was the lecture given by Wu Jinglian.

**Only by Building a Market Economy Which Takes Price as Its Center Will the Shortage Created by Mandatory Planning Economy Be Solved**

Wu Jinglian first made clear that price reform can neither be sidestepped nor postponed. When he was drafting the reform program (one of the nine) commissioned by the State Commission for Restructuring the Economic System, he had the following viewpoint: Our target is a planned commodity economy, which is market economy under macromanagement. The shortage in our economy in the past was not a natural economic phenomenon—it was not caused by low productive forces, but by the system. That is to say, the mandatory planning economy created the shortage. The present problem is,

we must create, through the existing structure, an environment where marketization can be implemented, and the existing structure is brought as a result onto the track of socialist market economy. At that time shortages will go away.

He made a review of the historical stages he went through before recognizing the necessity of price reform. Shortly after his graduation he participated in 1956 in a national survey on structural reforms. After 1957 he was involved in deliberations on reform programs. It was not until 1984 or 1985 that he came to realize the necessity of price reform.

It was discovered upon summing up the first 5-year plan that the Soviet system had suffered from serious drawbacks. The whole system lacked drive and vitality. The major reason was that powers were overconcentrated in the hands of the central authorities. Having listened to the report, Mao Zedong published an essay "On the Ten Major Relationships," pointing out that it would not help for the old system to concentrate all the powers in the central authorities, and urging recognition of the individual interests of localities and laborers. This shaped the line of reform after 1956: The central authorities recognized the interests of localities and laborers and delegated powers to them.

After smashing "the gang of four," there was a revival of reform taking "On the Ten Major Relationships" as the point of departure. The overall rural reform following the 3rd Plenary Session of the 11th CPC Central Committee inherited this line of thought. It practiced the contract system, delegating powers as well as conceding interests to peasant households. This worked as expected—it released the energy of tens of millions of peasants and changed in a short time the face of rural areas. The overall urban reform launched in 1984 was conducted much on the same line: delegating powers and conceding interests to individuals. But near the end of the year abnormal conditions appeared. Localities stepped up industrial growth, clamored and raced with one another to double their outputs, and expanded the target quotas at every administrative tier. Investment and consumption expanded. There were enormous money supplies in all 4 quarters of the year and extremely unstable price levels. The conclusions drawn in early 1985 were: loss of macrocontrol, total amount control, and investment and consumption control. February saw the strengthening of macrocontrol to dampen the heat.

It was thought in 1984 that once the shackles of ideological concepts were broken up, enterprises would have vitality, and the whole economy would develop in a lively way. It was not so. Microscopically the delegated powers did not really go to the hands of enterprises. Viewed in the light of the entire national economy, there was only chaos. As pointed out by Xue Muqiao in 1981, there was a problem in the pilot scheme of urban reform. What was undertaken between 1979 and 1980 was distribution reform, that is whipping up the incentive of

enterprises and workers by giving more material benefits to them. He thought that this was wrong. It would not work. What should have been undertaken was circulation reform. Only when this link is worked out can a new structure be built.

When summing up the annual performance in 1985, the words of Xue Muqiao were recalled, and the leadership agreed to such a viewpoint. Czech economist Ottar Sikar [1159 1044 6932 0344] was at that time visiting China. He made a point of introducing one of the important links in the new structure, the market, with price as its center. The reforms of the "Prague Spring" centered around an overall price adjustment in 1967 and universal price decontrol in 1968. The Chinese leaders attached great importance to such a price reform and set up a price study center in the State Council. In the early period of China's reform, the contract system and profit-sharing system did not get much result. The reason is that there was no coordination. From this it should be seen that the ossified price system needed to be changed.

#### The Most Important Thing in a Coordinated Reform Is Changing the Irrational Price System

Wu Jinglian recalled: Although early in 1984 there was the slogan "There should be macroscopic control and good control at that; while microscopically there should be decontrol and enlivening," following the "10 ordinances of expansion of power," only the practice of expanding the powers for enterprises and enlivening them was emphasized, and not microscopic management. Then the guideline "the pace of decontrol at microscopic level must depend on the scope of macroscopic control power" was raised, meaning that the extent of macroscopic control will determine that of microscopic decontrol. When the former was one step advanced, the latter will go one step further. In this way reform can be quickened without thereby losing control. Now there are only two ways to raise the macroscopic control power: One is the second stage of fiscal practice—the substitution of tax payment for delivery of profits. Another is banking. Banks must be transformed, from a unitary teller-functioning organ of the Financial Department, to the kind of banking system currently practiced in the world market. None of these measures can be forged alone without coordinated reforms in other areas, the most important of which is reform in the irrational price structure.

For example, Wu Jinglian says, a banking system by which control can be exercised through the financial market should be set up. The specialized banks at the base level make use of interest rates to regulate the supply and demand of capital. That is, capital is turned into a kind of commodity, and interest rate is the price of it. Then interest rate can regulate the demand and supply of capital, which will be used in the most appropriate area. For banks to be able to do this, they must be run like an enterprise, having an independent operation power, shouldering their own profits and losses, and

being permitted to decide on the use of their own bank deposits in regulating the economy. Banks primarily employ indirect measures such as reserves, lending rate and publication of their business in the market to regulate the operations of specialized banks.

One of the factors in Taiwan's high speed economic growth is the "liberalization of banking together with high interest rate policy." The reasons: Capital is one of the most important, as well as scarcest, resources for developing countries. It must be guaranteed the most effective use. The KMT adopted a liberalized credit policy once it established itself in Taiwan. The interest rate was kept at a high level. Only enterprises of very high returns, producing products much needed by society, dared lend money. Hence, capital, which was limited, was put to the most efficient use. However, such practice is not suitable for us. Sectors in serious shortage and most needed by society often score very low profits because of the price problem. On the other hand, the profit level of some overextended industries (for example manufacturing industries) has been very high, because they have high prices.

It is the price problem that has kept low the profits of some sectors of high investment returns. If interest rate were to be the means of regulation, sectors much needed by society would not be able to lend money, while the profit-glutted, overextended industries would, however high the interest rate, continue to lend money. The upshot is, in the past we wanted to put off banking reform, but this did not work. Later we wanted to push for it first. It could not be done, for it would be impeded by reforms in other areas, and the most critical one is price.

#### Modern Commodity Economy Is Market Economy Under Macroscopic Management, Which Is the Economy We Are After

The new structure is based on the concept of "the state regulating the market, the market guiding enterprises" [guo jia tiao jie shi chang, shi chang yin dao qi ye 0948 1367 6148 4634 1579 1034 1579 1034 1714 1418 0120 2814]. It strongly emphasizes the integration between enterprises, the market and state macroscopic regulation, and that reforms in these three areas must proceed synchronously. Such a concept has lifted reform theory to a new level. Compared with it, Wu Jinglian commented, "our original understanding of the nature of reform was only too shallow." He says: "After studying all the relevant histories and theories, it is found that only the market can solve the maladies of the old structure."

The studies of comparative economics show that there are two problems that allocation of resources by means of administrative measures could not solve: information and interests. Marx envisaged that socialist society would allocate resources with administrative measures. He assumed that the central authorities could get hold of

all the information about production and consumption, and on that basis allocate resources in an effective way. But modern production technology is changing rapidly, and consumption structure is very complicated and changing daily. There has never been exact calculation, nor will there ever be. In the past we always "used a whole year to plan a 1-year plan," and by December we were still adjusting the plan. As for interests, the overall interests contradict those of individuals and regions. This will not be any good, however exact the calculation. But through price-market allocation of resources, the above two problems can be tackled in a better way. On the market, information will pass on through trade to every one involved in economic activities.

Prices in the market are not under restriction, reflecting the strength of demand and supply. Undersupplied goods would have less demand and more supply; and the price of oversupplied goods, on the contrary, would go down. The lowered price would make producers decrease production, and at the same time increase the demand of consumers. Oversupplied goods would decrease, while the undersupplied increase. Thus comes about a better allocation of resources. Regional resource allocation should develop comparative advantages, avoid producing oversupplied goods and concentrate on those that are undersupplied. This will be achieved in a natural way through market competition and price effects. For its own sake, an enterprise will produce goods in short supply. This will benefit not only itself but also society. This way, individual interests will, through the market, be united with those of all of society. That is, an enterprise must comply with the interests of the whole society in working for its own. In such a manner, the problems, which mandatory planning economy has not been capable of tackling, will be solved.

After making the above analysis, this famous economist pointed out that the major drawback of market economy is "postregulation." It will cause some fluctuations. In order to overcome this difficulty, all modern commodity economies have a dimension of macroscopic regulation, that means the market economy is put under macroscopic regulation, which is alternatively called "mixed economy." This is the economy we are after. Also, commodity economy itself has furnished some methods such as "futures" to overcome the weakness of "postregulation."

Wu Jinglian touched again on Marx. He said Marx overemphasized the voluntary nature of postregulation, and the kind of fluctuations it would cause. Marx wanted to use administrative measures to conduct preregulation, and so he ran into the two insoluble problems mentioned above. Exactly for this reason, reform is not some isolated and unrelated policies, and not several simple policies aimed merely at working up incentive, but a revolution which would effect a leap from the old system to a new one. Wu Jinglian stressed that this "leap" had

better be fast, otherwise there will be a vacuum and chaos on the economic front. There will be disorder, which will yield no return at all.

From such a viewpoint, we can see why hundreds of rules calling for expanding the decisionmaking power of enterprises could not be implemented. It was a system that we were working in, and so it was impossible to emphasize alone the decisionmaking power of enterprises. Without a competitive market, an enterprise will have no power to set its own price. Without such a power, other powers will not come by. This is why when much of the old mandatory planning was dismantled, and the new macrosystem was yet to exercise its forces, delegation of powers could only have led to loss of control. Then control was tightened again. Moreover only 10 powers were delegated, but there were 12 of them when they were withdrawn—part of the former powers went along.

#### **Distorted Prices and Divided Market Compel Improvement of Economic Environment Before Launching Price Reform**

Right now there is a holistic school of reform, which underlines coordination between enterprises, the market and objective regulation. At present the most backward area, the market, is suffering from a double distortion. Prices under the mandatory planning economy are basically set by the state. Such a practice does not stand to reason at all. The price of undersupplied goods is relatively low, while that of oversupplied goods is relatively high (this refers mainly to the goods subject to state transfer and allocation). In the past we could use administrative means to make up the difference. Now this method no longer works. The burden then falls on the price system, which however is not rational itself. There is another distortion: When price reform was tabled in 1981, it was hampered by ideology. As a result an unusual policy was adopted. Prices under administrative control were to stay unchanged, and products exceeding the planned quotas were allowed to be sold at higher prices. This was meant to provide enterprises some opportunities to step up production of undersupplied goods. In this way a double-tier price system was formed. At that time it was a relatively good way to bypass political obstacles. However when the obstacles were cleared in 1984, our understanding continued to remain in the double-tier price system. Some went so far as to claim that this was to be the path of reform—with Chinese characteristics. In fact, double-tier price system works against the basic requirement of the market: equal competition. The principle "no one is above the law" in civil law is based on the equality established in the commodity market. However, at present goods whose prices are stipulated by official instructions are sold at low prices, while those not thus restricted are sold at high prices. Under such a situation an enterprise, even when making profits, cannot tell if that is a result of good prices or sound business operation. If we cannot distinguish a good enterprise from a bad one, there will be no way to ask one to carry out the practice of shouldering its

own profits and losses; much less to form an environment where only the fittest enterprises survive. Another thing, the double-tier price system has created unfair distribution. "Powers now have a price." The trend in society has become bad. It breeds corruption.

Another backward aspect of the market, Wu Jinglian thinks, is shown in the increasingly serious divisive tendency in the market. In 1980 the centralized income and expenditure financial system was broken up into one in which every administrative tier has its own financial system, and their own incomes. The move stimulated governments at each level to cut down on expenditures and arrange ways to increase incomes. But such delegation of financial power did not change the fact that enterprises and administration were still blended together. The former was still under administrative control. Every level of administration wanted to have their own domain, to be a system unto themselves. "Fertile water should be diverted to my field, not others'." There was a rise of local and departmental protectionism, with the result that the market was finely partitioned. Such a trend worked against commodity economy development. The rise of West European capitalist economy demonstrates that a necessary premise of industrial and commercial development is dismantling the closed system of feudalism and customs barriers, and forming a central market.

Wu Jinglian thinks that serious price distortions, worsening market partitions, and continuous trade battles have prevented the market mechanism from operating, making it difficult for the whole system to exercise its macrofunction. This explains why enterprises have never really received the delegated powers. Because in a sense, an enterprise is the sum of market relations. Without the market, there are no enterprises; and of course without enterprises, there is no market. These three links must undergo reforms simultaneously and in coordination.

The plan is to improve the weakest link first—to straighten out prices and form the market. Wu Jinglian offered the reasons of his emphasis on price reform: 1) Price and the market system are the most backward areas. 2) The problem has evoked the greatest controversy. At the same time he pointed out that price reform cannot be tackled alone. It should be integrated and coordinated with other reforms.

"An integrated reform which takes price as its focus must have a good environment." This is one of the viewpoints repeatedly stressed in Wu Jinglian's speech. "A good environment" means, first of all, a relative closeness between total supply and demand. Such an environment has not yet materialized. At present there are too many buying coupons. If price reform were undertaken now, the excess coupons would, as everybody follows each other's example to raise prices, lead to price hikes. Price reform would be halted when society could not bear the pressure. In the end, there would only be repeated price hikes.

The present situation is even grimmer than that in the first half of the year when the debate was being conducted. The pressure of inflation is extremely great. Moreover it poses a dilemma. A 3-percent growth rate in capitalist countries will give their people a rather good life. For us, even a 10-percent growth will not make days easier because returns are simply too low. Mainly this is a problem of the structure. The system is not good. Both resources allocation efficiency and returns of enterprise operations are low. To break this vicious circle, we must grind our teeth and be willing to sacrifice speed, and push for reform. Only then will returns have a chance of fundamental improvement. When returns are improved—even if growth rate is not high—life will become better.

Wu Jinglian stressed in conclusion that the broad direction initially still lies in straightening out prices and forming the market, allowing the new structure to slowly start functioning. In integrated reform next year, efforts should be made to create conditions. First it will be the creation of an environment—total demand must be put under control. The only way out for enterprises is, having undergone price reform, standardization, rather than isolated and individual rules for each enterprise.

**Report on Effects of Economic Retrenchment**  
*HK1511030588 Hong Kong SOUTH CHINA MORNING POST in English 15 Nov 88 p 28*

[By Seth Faison]

[Text] A flicker of terror passed through Yang Dong-hong's eyes. Four young men, having parked their motor cycles on the street, were pulling off their crash helmets and heading for his glass-walled office in the back of the Wenshan Building Materials Trading Company.

"Price Supervision Bureau!" squawked Mr Yang, the company's young manager, who abruptly ended this conversation with a reporter and whisked him off toward an adjoining office.

Quickly concealing his initial panic, Mr Yang smiled broadly as he passed out cigarettes and beckoned the straight-faced young officials to sit down. The crash helmets came down on an office desk with a menacing thud.

Beijing's economic retrenchment has begun to hit private companies like Mr Yang's as local officials all over China re-assert administrative control to slow overall economic growth.

Mr Yang had been riding a wave of construction projects in Xiamen by selling lumber, aluminium, sheet metal, and other building materials that he bought from companies in northern China. But Beijing's plans to sharply limit new construction projects have already cut into his business, which he now estimates will be 10 percent less than he projected at mid-year.

In addition, the loans that have fuelled his purchasing power have also been cut back; when a million yuan (HK\$2 million) loan came due at the end of October, the Commercial and Industrial Bank declined to routinely renew it and asked Mr Yang to come up with the cash in four days.

Mr Yang, a sharp 33-year-old who has diversified his company holdings to include a restaurant and a renovation company, says he can get through a period of tight credit better than some other private companies.

"That company across the street last week laid off half their staff—they'd been hired at 1,000 yuan (HK\$2,000) a month. Who can afford that now?" he said.

It is privately-run companies like Mr Yang's that have paced southern China's speedy growth in recent years and that now fear they will bear the brunt of stricter economic control.

State-run companies are not expected to be squeezed as badly since they were backed up by government subsidies and often get political priority for loans.

Yet despite painful scaling down of his own growth projections, Mr Yang agrees with Xiamen city officials that the moves in Beijing were needed to rein in what had become uncontrolled spending and inflation.

The overwhelming demand for new houses, office buildings and hotels, once price controls on building materials were decontrolled in July, sent prices sky high.

Mr Yang's purchasing costs have gone up a shocking 100 percent since the beginning of the year—the cost of aluminium rods tripled in one month—but he was able to pass these costs on to his customers, who faced similar charges elsewhere.

"When I was in Wuhan in August, prices were going up every half hour," said one of Mr Yang's assistants.

New price control regulations—finally announced in Xiamen on Thursday—require that factories seeking to raise prices for many specified goods had to first receive approval from city authorities.

"Factory heads have been raising prices haphazardly—wherever they thought they could get away with it," complained Mr Yang, who said prices had stabilised in the past two months.

In Shishi, the trading boom-town 130 kilometres north of Xiamen where there is little evidence of any economic slow-down, clothing manufacturers said their main concern was controlling material prices.

Mr Wu Xiayun, director of the Shishi Cotton and Plastic Handicraft Factory, complained that rising prices of materials used for his clothing products were throwing his plans way off.

One hundred percent of Mr Wu's products—mostly dresses and handbags—are exported. He did not dare raise his prices more than 10 percent even while his costs went up 30 percent since the beginning of the year.

"If I scare away my foreign customers, I'll have nowhere to grow," says Mr Wu, who is expecting nonetheless to triple his gross earnings this year.

He has decided to source a large percentage of his materials from overseas, including Taiwan, because supply and pricing have become so unsteady in China.

Shishi may be a special case. With over 80 percent of its companies private, the town has boomed in the past five years and is swarming with traders from Shanghai and Hong Kong.

Shishi Deputy Mayor Qiu Jiazhan predicted that Fujian province leaders will protect its special status because they earn a large percentage of the province's foreign exchange.

"As long as China maintains an open-door policy, they'll protect us," Mr Qiu said.

However, it is precisely the wealth of places like Shishi that has caused political tension from inland provinces who claim the disparity between rich and poor is becoming too great.

Mr Yang—whose personal name means "The East is Red"—said he was expecting business to pick up after Chinese New Year. Spending on building materials may be reduced, but approved projects will continue to proceed, he reasoned.

To him, initial fears that Beijing's economic retrenchment would tighten a noose around the neck of private companies like this may have been exaggerated.

The bank that recalled his loan agreed soon afterward to extend 300,000 yuan (HK\$600,000) of credit, which he expects to be increased to 700,000 (HK\$1.4 million) before long.

And the motor cycle team of price inspectors chose not to scour his books after all, checking only a few accounts and leaving within half an hour.

"They were just checking to see if I was selling to other dealers, which is forbidden," he said. "There are still no price limits on most of my building materials."

**Competitions To Fill Vacant Posts 'Next Year'**  
HK1211004488 *Beijing CHINA DAILY*  
in English 12 Nov 88 p 3

[By staff reporter Li Chao]

[Text] Vacant posts in enterprises and government institutions nationwide will begin to be filled by competitions next year on a gradual basis.

The change aims to abolish "the iron rice bowl" and improve the management skills of managers and cadres, Cheng Liangchang, vice-minister of Personnel said at a national conference on personnel reform held in Shenyang, capital of Northeast province of Liaoning recently.

He said that enterprises should carry out public bidding to select managers on the basis of openness, competitiveness, equality, and democracy.

Between 20 to 30 per cent of Chinese enterprises do so already and in some areas the number is as high as 50 per cent while in Handan City in Hebei Province the figure is 66 per cent.

The practice has also been introduced in the government, especially in educational and scientific institutions.

Traditionally unit leaders have been appointed by higher authorities, neglecting the opinions of the mass.

For the present, Cheng said, the leadership in small or medium-sized enterprises should be put to the vote of workers or their representatives.

Candidates should meet certain qualifications such as educational background, work experience and competency.

The vice-minister said that large enterprises, with the exception of some extraordinarily large State-owned enterprises, should also take steps to practise public bidding.

He said the key problem in the current personnel reform is the assignment of the country's 20 million cadres.

Cheng said differences between cadre and worker should be eliminated and that cadres should not enjoy lifelong tenure simply by virtue of their position.

He called for a comprehensive personnel management system congruous with the production management.

"The reform of enterprise personnel system should be combined with the reform of management forms," he said.

Cheng said progress in this area has not been balanced on a national scale.

He warned against merely "going through the motions of reforms."

**Price Check Finds 'Millions' in Illegal Profits**  
HK1111025288 Beijing CHINA DAILY in English  
11 Nov 88 p 1

[By staff reporter]

[Text] Millions of yuan in illegal profits have been hunted down in the ongoing price-inspection campaign in Henan and Hebei Provinces, the Inspection Office under the State Council has reported.

Some big state enterprises have been among the culprits.

In Hebei the inspections have been completed in 42,042 units—78 per cent of the total in the province required to have inspections—and violations of State pricing regulations were discovered in sales worth 19.4 million yuan.

Sixty per cent of the amounts has been handed over to State Treasury.

In Henan Province, some 12.1 million yuan have been tracked down in 537 cases of violations of State price rules and 2.04 million yuan has been handed over to the State.

Several government departments have been involved in the campaign and inspection groups have been sent to the key State enterprises and companies to supervise price checks of products.

Most of the cases have been handled publicly. Six units were handed penalties at a public meeting held in Zhengzhou on October 17.

To encourage reporting of violations, both provinces have set up special telephone lines, mail boxes and stands.

**Rong Yiren Explains CITIC Company Policy**  
HK1411030988 Beijing RENMIN RIBAO in Chinese  
9 Nov 88 p 2

[Dispatch by reporter Ji Honggeng (6060 3126 6342): "Rong Yiren, Chairman of the Board of Directors of the China International Trust and Investment Corporation, Says the Company Serves Production"]

[Text] Rong Yiren, Chairman of the Board of Directors of the China International Trust and Investment Corporation [CITIC], said recently: "The primary task of a trust and investment undertaking should be to raise capital at home and abroad, import advanced technology, and develop production and construction. A matter of top importance to our company is to concentrate on production, trade and finance, or on serving production."

Up to the end of October this year, CITIC had set up 90 Chinese-foreign joint venture enterprises, 149 enterprises run by Chinese in cooperation with Chinese, and 13 self-financed enterprises of the corporation. Since its inauguration more than 9 years ago, CITIC has developed into a comprehensive socialist consortium with 21 subsidiaries (including two banks in Beijing and Hong Kong). What is worth noting is that in the past 2 years, more industrial enterprises handling electric power, non-ferrous metals, iron and steel, timber, and other raw materials have been set up through financing arranged by the corporation. The Bohai Aluminum Industrial Company of Qinghuangdao, a Chinese-foreign joint venture, occupies an area of 1,000 mu and has advanced production lines. Overall work has now been started on the second stage of the project. After it goes into production, it can provide the domestic and international markets 25,000 tons of aluminum foil, 50,000 tons of cold-rolled sheets and a large supply of hot-rolled sheets every year. Before this, the corporation jointly set up with foreign businessmen, an aluminum factory in Australia which can supply aluminum ingots from abroad to the Bohai Aluminum Company for processing. The Xilin Company of the China International Trust and Investment Corporation established in Seattle, Washington has purchased forested land there. It will produce 900,000 cubic meters of timber this year. Construction work will soon start on the Ligang Power Plant of Wuxi with a capacity of 700,000 kilowatts, which is jointly financed by the Corporation and Hong Kong. The corporation has also granted loans in support of Nei Monggol and Henan, to build power plants.

This reporter asked: The handling of these fundamental industries involves a long cycle. Some people say that these are thankless jobs with little reward. Would it be better to engage in trading to make quick money. What do you think?

Rong Yiren said: "I am in favor of launching more industries. I also favor industries handling raw materials in short supply. We cannot just think of making a fast buck. We must consider what can benefit the state. Involvement with these industries takes a lot of effort, but it also depends on how we approach things. There are no lack of capitalists in foreign countries handling iron and steel, power production, and timber. Are they all fools? Of course, given no support from higher or lower levels, things will be made difficult." He also said: "I have realized from experience that the matter of international trust and investment means being entrusted or taking the initiative to invest in undertakings of a productive and constructive nature, and not being involved in profiteering and speculative activities. Otherwise, it would be against the original purpose of trust and investment."

This reporter asked: "How are things with the China International Trust and Investment Corporation itself?"

Rong Yiren said: "There is not much of a problem with us in regard to direction. But we cannot say for sure that there is nothing wrong, as far as concrete problems are concerned. I once called for 'a style of CITIC,' as represented by 32 Chinese characters. This demanded that everyone put observance of law and maintenance of a proper style first. I welcome the recent investigation of the 1987 financial accounts of our company. This is also an important aspect of the state's gradual switchover to indirect control over enterprises."

**Official Urges Cut Back in Hong Kong Firms**  
*HK1211024788 Hong Kong HONGKONG STANDARD in English 12 Nov 88 p 1*

[By Fan Cheuk-wan]

[Text] A top official from the China International Trust and Investment Corporation (CITIC) has urged the Chinese Government to cut down the unmanageable number of state-funded enterprises in Hong Kong.

CITIC executive director, Mr Jing Shuping, also called for stricter central control over the increasingly speculative activities of Chinese enterprises in Hong Kong's property and stock market.

He also showed confidence in his company's clean record by inviting Chinese government officials to check its books.

Mr Jing told THE HONGKONG STANDARD in Shenzhen this week that having a great number of Chinese enterprises in Hong Kong was uneconomical.

"China's investments in Hong Kong must be cost effective. But there are already far too many Chinese enterprises there that make the overall operation cost too high, Mr Jing said.

Local economists estimate there are about 4,000 companies funded by Chinese capital in Hong Kong.

"China is suffering from a shortage of foreign exchange. But the large number of Chinese enterprises have drained great amounts of foreign exchange out of China," he said.

The Ministry of Foreign Economic Relations and Trade (MOFERT) had a powerful presence in import and export corporations both at the central and local levels, Mr Jing said.

Nevertheless, many provinces and municipalities had set up their own agents in Hong Kong.

"As a result, there is a serious overlapping of trading agents from the same provinces and cities. Some of them are under MOFERT and some under the provincial and municipal authorities," Mr Jing said.

"I think the import and export corporations under the ministry should become the official trading agents for provinces and municipalities, while the others should be retreated.

"The poor quality of the Chinese personnel sent to Hong Kong is also an important factor which lowers the economic effectiveness of the Chinese enterprises there.

"We in CITIC welcome competition, but competition must be cost effective. We don't want to see a waste of resources."

Mr Jing, who is also the chairman of China International Economic Consultants board of directors, said the increasing amount of speculative activity by Chinese enterprises in the Hong Kong market had aroused concern in the Chinese Government.

"I've heard of the active participation of many Chinese companies in Hong Kong's property and stock market recently," he said.

"It is a breach. The central government only allows investment but not speculation in property and stock market."

Mr Jing said that despite the difficulties of distinguishing between investment and speculation in Hong Kong, opportunistic transactions in the property and stock market were "risky speculations" and should be discouraged.

He told THE HONGKONG STANDARD that the Beijing headquarters of CITIC, answerable directly to the State Council, had strengthened control over CITIC's (HK) investments in property and the stock market.

**Experts Call for Greater Central Bank Authority**  
*OW1311062188 Beijing XINHUA in English 1615 GMT 10 Nov 88*

[Text] Shenzhen, November 11 (XINHUA)—A number of Chinese and foreign economic specialists have suggested that China's central bank be given greater authority in order to play a bigger role in the nationwide endeavor against inflation.

Their discussions took place at an international financial symposium, which ended here today.

According to Douglas Scott, senior adviser to the International Monetary Fund's Asian Department, the central bank should resist pressure from central and local governments to extend more credit.

Professor Gregory Chow of Princeton University's Political Economy Department noted that in its attempts to restructure its economy, China should avoid setting rigid administrative controls on management.

In contrast, other economic specialists urged that the country's monetary policy should be strictly implemented to tighten control on currency and credit scales.

They held that the main cause of inflation is the over-heated economy and excessive demands for consumer goods.

However, the economists agreed that the most direct cause of inflation is an excessive supply of currency and credit.

The general opinion expressed at the symposium was that the amount of money in circulation had increased more than five-fold during the past ten years, while retail commodities had only doubled in the same period.

The country's money supply rose to a total of 145 billion yuan in 1987, an amount far exceeding the needs for economic growth, the economists said.

Economist Wang Menggui of the State Planning Commission said that China had previously experienced two severe periods of inflation—one in the early 1950s and the other in the early 1960s.

This year's upsurge of inflation is the third since the founding of the People's Republic of China in 1949, he added.

Wang suggested that the best way to prevent inflation is to tighten controls on the printing and issuing of money to slow the demand and increase the supply.

On the other hand, he said, the government should take measures to ensure that production of daily necessities and construction of key projects (such as energy, transportation and raw materials) are maintained.

A close watch should also be kept on wage scales, the sale of agricultural products, the withdrawal of money from banks and implementation of foreign economic contracts, Wang asserted.

"Only in this way can we maintain steady production growth with no adverse affect on further economic development," he said.

**Trade Official Defends Mode of Export Licensing**  
HK1411043488 Beijing CHINA DAILY in English  
14 Nov 88 p 2

[By staff reporter]

[Text] A senior official of the Ministry of Foreign Economic Relations and Trade (MOFERT) has defended the country's system of granting export licences.

The MOFERT official said that the export licence system is designed to ensure a reasonable distribution of resources in the domestic and international markets. It also helps China earn more foreign exchange.

According to official figures, China has more than 1,700 enterprises which have foreign trade rights. But many of them have been complaining that the State puts too many restrictions on their exports.

Foreign trade officials in Guangdong Province, one of China's major export bases, said that in 1985, they had to have export licences for 153 different items, but this year, the number shot up to 257 items, which accounted for 60 to 70 percent of Guangdong's export wares.

But the Mofert official said in an interview that the licence system is currently applied to only 159 commodities, a sharp drop from the 257 in the first half of this year.

Generally speaking, there are no licences required for the export of manufactured goods, including machinery and electronic products, he added.

The government is only restricting exports of goods vital to the nation and those goods which would earn little foreign exchange, he said.

Another complaint concerns corrupt practices by some foreign trade officials in granting export licences.

Many enterprises said they have to endure a great deal of red tape as well as resort to "back door" tactics to secure the precious licence.

To improve the system, the government will introduce a bidding system for the export quotas of some goods, the Mofert official said.

What goods need export licences will be published in newspapers each year in order to educate enterprises with foreign trade rights in the whole licence system.

the government also plans to issue a single licence for several goods, the Mofert official said.

And to prevent an individual exporter from holding a licence indefinitely, the document—for one use only—will be issued just prior to the time when the goods are shipped through the customs house and will be collected after they pass through, he said.

Selling licences to other enterprises is a felony and those people found guilty will be severely punished, he stressed.

He said export licences are only issued to those Chinese firms with foreign trading powers. They have never been given to foreign business people. It is illegal for overseas business people to claim they have the licence and then purchase Chinese export goods.

**Steel Recycling Brings Success, Problems**  
HK1411035288 Beijing CHINA DAILY in English  
14 Nov 88 p 3

[By staff reporter Li Zhuoyan]

[Text] The state's decision last year to permit steel factories and enterprises to buy scrap metal from the free market has greatly boosted the reclamation of steel but also has brought some problems, according to Chen Rongxiang, vice-director of the Resources Reclamation Management Office under the Ministry of Materials and Equipment.

Sales volume of recycled steel wastes rose from 2.5 billion yuan in 1986 to 4 billion in 1987.

But the move has also led to higher prices, as various groups compete to buy the metal, he said. Purchase prices have soared from the former State-set price of 240 yuan a ton to as high as 400 yuan a ton.

And in their eagerness to secure supplies, he said, some scrap metal reclamation centres do not question the sources of the metal offered to them, encouraging some people to obtain it by illegal means, such as stealing from factories and cutting down telephone wires.

"This trend must be stopped," Chen said.

To that effect, his office has sent draft regulations on the management of resources reclamation to the State Council for ratification.

To tighten controls on scrap metal management before the regulations take effect, he said, "We and the ministries of Commerce, Public Security, and the departments concerned have issued a joint circular forbidding individuals from collecting industrial wastes from factories."

However, he said, individuals are encouraged by the government to collect non-industrial scrap metal. They are now collecting one-third of the recovered non-industrial wastes every year.

These individuals, most of whom are farmers, travel around the country collecting scrap and selling it to the State.

For example, some 80 percent of the 292 households of Weili village in the city of Fengcheng in Jiangxi Province have been involved in this profitable business. Their average per capita income has reached 1,000 yuan a year, with the highest over 3,000 yuan, according to GANZHONG NEWS.

"Now many state waste collection centres have been contracted out to collective units and individuals. Some of these centres refuse to accept items such as glass, newspapers and plastics that cannot earn them big money.

"However, itinerant waste-collectors accept everything under the sun. Moreover, they also are recovering wastes in the remote countryside," said Chen.

"To help make sure these itinerant waste-collectors are conducting their business legally, they must now have licences from their local government," he said. "Meanwhile, they are forbidden to purchase industrial wastes under the circular I mentioned previously."

**Government To Promulgate New Steel Regulations**  
OW121113988 Beijing XINHUA in English  
0836 GMT 12 Nov 88

[Text] Beijing, November 12 (XINHUA)—China is going to tighten its control over steel products so as to guarantee supply to key state-run enterprises and projects, crack down on illegal dealings and "establish a new market order," according to a senior materials supply official.

Regulations will soon be promulgated to streamline steel product markets and ensure that enterprises fulfill the compulsory state plan, said Xie Minggan, spokesman for the ministry of materials and equipment, today's "CHINA DAILY" reported.

The regulations will include:

—Enterprises must guarantee fulfilment of the state production and sales plan;

—Only certain designated enterprises will be allowed to buy and sell specified volumes of some special varieties of steel products;

—All business firms dealing in steel products will go through qualification examinations and be re-registered;

—State control of prices will be tightened. Products included in the state plan will be sold at the state-set prices. Other prices will be flexible but cannot surpass the limit decided by the state.

Xie, who also heads the Bureau of Policy Research of the Ministry, told CHINA DAILY that a lot of business firms dealing in production tools and equipment, especially for the manufacture of steel products, are not directly connected with production or construction. They speculate in production materials through illegal channels. This is one reason that the prices of steel products are getting higher and higher.

Meanwhile, the Ministry of Materials and Equipment has listed 10 "honest administration measures" to fend off corrosive influence from enterprises or individuals.

These measures are designed to verify state allocations, stamp out favoritism and authoritarianism, and prevent "insider" connections as well as speculation by Ministry staff. Xie also revealed the state had decided early this year that materials supply and sales departments of most State Council ministries and departments would be transferred to the Ministry of Materials and Equipment.

**Agricultural Service to Countryside Declining**  
*HK111025688 Beijing CHINA DAILY*  
*in English 11 Nov 88 p 4*

[By Gao Shi]

[Text] The organized agricultural service in the countryside is on the decline, causing difficulties and losses to individual farmers. This is indicated in a recent survey conducted by the Policy Research Centre of the Agriculture Ministry of 1,200 village service co-ops nationwide.

Since 1979 when the farming land of people's communes was broken up and contracted out to individual households, farming has been basically conducted by individual farmers. But it is rather difficult for each household to manage field irrigation and the purchase of such basic necessities as chemical fertilizer, pesticide, seed and fuel on their own.

Now that China lacks such efficient service organizations as the agricultural corporations in the West, Chinese farmers, apart from individual efforts, have been mainly dependent on small-scale village co-ops under the leadership of village cadres.

But many co-ops and village cadres have failed to help farmers readjust to the social changes. The little service they provide is far short of requirements.

The survey shows that as many as 14 per cent of the surveyed farmer households received no organized service. Village cadres only entered their homes to collect the contracted output quotas.

In Changde Prefecture, Hunan Province, village cadres usually spend 20 per cent of their time caring for their own fields, 20 per cent for meetings, 50 per cent for family planning, and only 10 per cent for collective production and service.

Most collective incomes have been put into the more profitable village enterprises. The agricultural service remains virtually as it was 10 years ago.

According to the survey, the area that received organized farming irrigation in 1987 accounted for only 57 per cent of the total, a drop of 2 per cent compared with 1984.

Organized seed supply had declined by 8 per cent since 1984. Collective purchase of fertilizer, pesticide and plastic sheets for saving the field heat all declined considerably.

In many regions seeds of different qualities are mingled in use, and seed quality is getting worse. Crop growers using their own seed have reappeared with this primitive small-scale farming.

Of the 40 surveyed farmer households in Rugao County, Jiangsu Province, only one household bought rice seed last year; the rest all used seeds they saved from their own harvested rice.

The seeds which have been repeatedly planted for years without change make the crops degenerate in resistance against natural disasters and diseases. The yield per unit area also declines as a result.

Due to inefficiency of the old commodity circulation system and the prevailing social trend for profiteering, more and more illegal groups and peddlars are engaged in speculation. They not only lack qualified technology and equipment, but also palm off spurious or low-quality seeds and chemicals on the anxious farmers.

**Fake Seeds**

**PEOPLE'S DAILY** recently reported that a supply and marketing co-op in Huayin County, Shaanxi Province, bought 40,000 kilogrammes of oil-bearing seeds from Sichuan Province at a low price. Through several speculators like local seed stations and peddlars, the seeds were sold to farmers as turnip seeds at a higher price.

More than 200,000 farmers planted the fake turnip seeds over 3,330 hectares. Not single turnip has grown, causing a loss of about 50 million yuan.

The victims expressed their strong demand to have the speculators punished by law.

**CPC Studies New Agricultural Policies**  
*HK1511032788 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 45, 7 Nov 88 p 1*

[("Letter From Beijing" by Bao Xin (7637 0207): "CPC Studies New Measures for Development in Agriculture")

[Text] My dear brother,

When I started writing this letter, all newspapers in Beijing had reported the news that the CPC Political Bureau convened the 13th Plenary Session to study problems about the deepening of reforms in the countryside and the acceleration of agricultural development. It is reported that the National Rural Work Meeting to be participated in by leaders responsible for rural work in all provinces, municipalities and autonomous regions convened by the CPC Central Committee will also be

held in Beijing in early November. Through these activities, we can see that the party leaders are paying close attention to the agricultural problem.

When we talk about China's agriculture, we always mention the 3d Plenary Session of the 11th CPC Central Committee 10 years ago. With that meeting as a starting line, China's agricultural reforms have obtained universally recognized achievements. However, the many difficulties faced by China's agricultural development have not been totally solved. As a result of the overall bumper harvests in agricultural products in 1984, and the backward means of purchasing, transportation, storage, and processing, there came a period when farmers in many places of the mainland complained that they found it "difficult to sell grain and cotton." Some people were impressed by this superficial phenomenon, thinking that China's grain problem had been "solved." They thought that if we carried on the responsibility system with household contracts as the principal form, there would no longer be any problem in China's agriculture. However, at the same time when the production of industrial and sideline industries in the countryside was rapidly developing, agricultural production, especially grain production, suffered fluctuations for several years after 1984. We have not fulfilled the original target for an annual output growth of 20 billion jin of grain by 2000, and up to the present we have not even exceeded the historic high of 1984. Meanwhile, society's demand for grain is constantly increasing due to the growth in population and development in industrial and commercial industries. There are more fluctuations in the production of nonstaple foods, mainly meat products, and certain industrial raw materials. As a result, the contradiction between supply and demand expands, causing too many as well as rapid price increases.

These phenomena look like alarms warning people that in such a big country as China, people cannot be careless over agricultural and sideline production such as grain production when our agricultural problem is far from being solved. In recent years, people have been generally paying more attention to the agricultural problem. Under such conditions, the measures adopted by the CPC Central Committee in agricultural development have aroused great concern from the public.

So what new measures have the CPC Central Committee adopted? In the news which was "in the form of a communique" concerning the 13th Plenary Session of the CPC Political Bureau, the measures disclosed were: Further perfect the system of contracted responsibility, deepen reforms, increase input and promote science and technology. In order to better understand these measures, we may look into the reasons for the fluctuating agricultural production, especially grain production. In my opinion, my overall impression is that some places are so content with the development in the last few years that they may have wrong concepts of agricultural production. For this reason they do not spend greater efforts to develop agriculture. They lack the forceful measures

aiming at breakthroughs as in the previous few years, whether in reform or production. For example, agricultural investment amounted to 9.8-11.2 percent of the country's total investment in capital construction before the "5th 5-Year Plan." In recent years it gradually fell to 5.1 percent. In the past 2 years it even fell to below 4 percent. The effects caused by the reduction in the country's investment were obvious. Peasants' incomes indeed increased in these few years, but as the peasants did not have many resources, a large amount of their incomes were spent on improving their living conditions such as on building houses.

Though investment in production increased, the labor and capital of peasants were mostly used for establishing industrial, sideline, and commercial industries, because the price parities between grain and other agricultural and sideline products were relatively low, and it would be easier to earn money by engaging in industrial and commercial industries than in the arduous farming undertakings because of the rapid development of the industrial, commercial, and sideline industries in the countryside in recent years. They put in less input in the land, and in particular, they were unable to invest more capital, or devote more efforts in planting grain. In this way, there has appeared a new imbalance in the agricultural economy: The industrial and sideline industries in the countryside develop prosperously, while farm production does not have any growth; peasants' incomes increase, but their input in land decreases.

Peasants are now far less enthusiastic in farming, and their input in land is less than before. These may be caused by the bad phenomena in the economic sector in recent years, such as the unhealthy trends and "bureaucrat speculation." With the interference of "bureaucrat speculators" and "private speculators," prices rose constantly for necessary farming materials, like chemical fertilizers, pesticides, and plastic sheets. In addition, the required electricity and fuel supplies are not guaranteed. These factors contribute to the continuous increase in the cost of agricultural production, and the decrease in profits from farming. Some peasants said that many of the privileges given by the state to peasants have been embezzled by these bureaucrat speculators since the 3d Plenary Session of the 11th CPC Central Committee. Naturally, peasants will not be very enthusiastic in farming. The decline in peasants' enthusiasm in farming is the fundamental cause of the fluctuating output in grain and other agricultural products in recent years.

If we understand the above conditions, it will help us to understand the agricultural development measures adopted in the CPC Central Committee Political Bureau meeting. It may also help many people to solve these problems: How could the Mainland gain such brilliant achievements in its agricultural development in the previous few years? Why are there so many problems after such a short period of time? The answer lies in the above conditions.

If we pay more attention to agriculture when we notice these problems, it will then create the prerequisite for solving them. The objective conditions for China's agricultural development are not extremely good, and we have to face a great many difficulties. However, if all the people in the whole country can reach a consensus, and take the same actions, China's agricultural development will still be promising. If people can develop new methods for deepening reforms and perfecting the responsibility system, the enthusiasm of peasants in farming will run high again. Also, if the state can give more support within its scope of capability, together with the further improvement of scientific farming techniques, and the popularization of improved varieties of seeds, and new cultivation system and techniques, there will be a further increase in agricultural output, mainly grain output. The per-unit output of agricultural land in China is not high enough, and the potential is still high. There is a large area of water surface and beaches lying waste among barren hills and uncultivated beaches. Therefore, China has great potential in agriculture no matter whether we judge by the peasants, who are the main body of agriculture, or by land and other resources, which are the target of agricultural production.

[Signed] Bao Xin

[Dated] 1 November

**QIUSHI No 10 Table of Contents Published**  
HK1611024388 *Beijing RENMIN RIBAO* in Chinese  
14 Nov 88 p 8

[Table of Contents for QIUSHI No 10, 1988"]

[Text] Article by Li Ximing: "Conscientiously Study Guidelines of the 3d Plenary Session, Actively Implement the Principle of Improvement and Rectification"

Excerpts of Speeches Delivered at the Symposium on "Improving Economic Environment, Rectifying Economic Order, Deepening Reform in An Overall Way" by Xue Muqiao, Jing Shuping, Tao Dayong, Xiao Zhouji, Ding Ningning, Yang Peixin, Lu Baifu, Zheng Hongqing, Wan Dianwu, and Lu Nan

Article by Gao Di: "Communist Party Members Must Work for the Interests of the People"

Article by Tao Xiping: "Invigorate Internal Departments of Education"

Article by Zhang Zonghou: "Effective Supervision by Public Opinion Lies in the Rule by Law"

Article by Xing Bensi: "Forge Ahead While Rethinking, Exploring, and Breaking New Ground"—A Brief Discussion on Philosophy Over the Last Decade"

Article by Yan Zhaozhu: "Reflections on Development of Marxist Literature and Art Study"—Reading the Article "From the 'Classical Formation' to 'Modern Formation'"

Article by Wang Xuefu: "Discussing With the Author of the Article 'From the Contract System to the Shareholding System'"

Article by Du Jiancheng: "Several Views on the Article 'A Brief Review of Nietzsche's Concept of Value'"

Article by Jin Chongji: "An Overall Survey of the Evolution of Country-to-Country Relations in Modern Times"—Commenting on "the World Modern History of Relations Between Countries"

Monthly Digest (six items)

Article by Hu Zhaocheng: "Reform and Opening Up to the Outside World on the One Hand and National Rethinking on the Other"

Article by Lin Weijin: "Thoughts From 'The Angel Lost Her Smile'—Reading 'The Red Cross'"

"Jinshitan Cup" Solicited Articles

"Grave Sweeping" by Zhou Liangpei

"The Lotus Root Snaps but Its Fibers Stay Joined" by Guo Tongwen

"A Fish Farmer" by Zhou Miao

## East Region

### Jiangsu's Han Peixin Attends Party Meeting

OW1511090188 Nanjing XINHUA RIBAO in Chinese  
1 Nov 88 p 1

[Text] The Jiangsu Provincial CPC Committee held a meeting of provincial party-member cadres at and above departmental level on 31 October. Comrade Han Peixin gave a speech on further mobilizing provincial-level organs and drawing up a plan for carrying out the guidelines set by the 3d Plenary Session of the 13th CPC Central Committee and the expanded meeting of the 7th plenary session of the 7th provincial party committee.

Comrade Gu Xiulian presided over the meeting.

Comrade Han Peixin said in his speech: At present, carrying out the guidelines set by the Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee, as well as the plan made by the expanded meeting of the provincial party committee, is a very important and urgent task facing provincial party organizations at all levels. It is also a major economic and political task lying ahead of all party-member cadres of provincial-level organs, and a grim test for all these party-member cadres, especially leading cadres at and above departmental level. We should further unify the thinking of party-member cadres of provincial-level organs on the basis of the guidelines set by the party Central Committee's meeting, concentrate all our efforts on carrying out party Central Committee policies, and carry out all our work in accordance with the plan set by the provincial party committee. All party-member cadres of provincial-level organs must unify their thinking, brace themselves up, put the interest of the whole above other things, make concerted efforts, and set a good example in carrying out party Central Committee's policies and the work set by the provincial party committee.

Comrade Han Peixin set the following 4-point demands on how party-member cadres of provincial-level organs should play an exemplary role in carrying out these policies and work:

1. They should set a good example in studying the party Central Committee's guidelines and unifying their thinking on the basis of the party Central Committee's policies. Through study they will gain a correct idea of the current situation, further bolster their confidence on carrying out the party Central Committee's policies and the provincial party committee's plan, understand the actual difficulties and problems facing us, and further enhance their sense of urgency and responsibility on improving the economic environment, rectifying economic order, and deepening reform. Comrades responsible for party and government affairs of all departments should take the lead in this study program; and party committees of organs at various levels and grass-root party organizations should be responsible for organizing the study. Requirements for the study and discussion

should be specific, a schedule should be made, and study should be conducted in relatively large groups. Inspection for the study should be conducted regularly, and adequate guidance should be provided. Superficial work should be prevented.

2. Set a good example in strictly enforcing orders and prohibitions, keep in step with and firmly implement the central authorities' policies and the relevant provincial party committee's arrangements. In attending to improvement and rectification work, provincial-level departments must implement, in accordance with the guidelines set by the central authorities and their respective departments' actual conditions, the various measures for improving the economic environment and rectifying the economic order in a down-to-earth manner, conduct a comprehensive reexamination of projects under construction, and curtail the scale of investment in fixed assets; they must prevent consumption funds from growing too rapidly, vigorously curb institutional purchase, control credit funds, and readjust credit priorities. Resolute efforts must also be made to stop the evil trend of reckless price hikes, pay close attention to reassessing companies of all types, and firmly consolidate order in the market. At the same time, it is necessary to solemnly and earnestly carry out the ongoing general inspection of taxation, finance, price, and banking departments. Provincial-level organs must properly handle the relationship between departmental and overall interests on one hand and between immediate and long-term interests on the other and firmly submit departmental and immediate interests to overall and long-term interests. They should pay attention to overcoming the following two erroneous trends: the first is a negative approach in summing up past experience and lessons and thus concluding incorrectly that honesty does not pay. Consequently they are unwilling to work hard or take any initiative. The second is seeking special interests and putting partial and immediate interests before overall and long-term interests. Consequently they do not want to endure hardships and make the necessary sacrifices for overall interests. Provincial-level departments must not emphasize only their special interests without any consideration of overall interests, much less do anything that benefits their own departments but will hurt overall and long-term interests. All departments must ensure that central government decrees and relevant provincial party committee arrangements are implemented province-wide; they must not indiscriminately allow exceptions.

3. Set a good example in increasing efficiency and improving services to ensure normal development of the province's economy. While implementing the central authorities' policies provincial-level organs must regard developing production and increasing effective supply as their central tasks, cooperate closely with the grass-root level, and enhance specific guidance. Presently they must particularly enhance their sense of service and provide good services. On one hand they must implement the central authorities' policies, and, on the other

hand, pay attention to protecting and mobilizing grassroots enthusiasm for developing the economy. They must simultaneously carry out their current work well and pay attention to studying the new situation and enhancing their foresight. All departments must simultaneously fulfill their duties and closely cooperate with one another.

4. Set a good example in strictly enforcing party discipline and ensuring a clean and honest government to ensure that deepening reform will be achieved without a hitch. Currently malpractices exist to varying degrees in party and government organs. Some people have a weak sense of the party, are lax in discipline; and are guilty of serious bureaucratism, abuse of power, and corruption. Some departments have turned a blind eye to central authorities' repeated injunctions and have gone their own way. Therefore, all party member cadres in provincial-level departments must firmly enforce party and administrative discipline. All party organs or members, regardless of who they are, must be punished severely if they defy decrees and prohibitions and hurt national interests. Provincial-level leading cadres must set a good example; they must not only set strict demands on themselves but also properly educate their children, other family members, and people working at their side so as to safeguard the party's reputation. Comrade Han Peixin concluded: For many years party member provincial cadres have willingly borne the burden of their offices, worked hard, and accomplished a lot for reform and construction. They have contributed to Jiangsu's economic development. It is hoped that, in carrying out the central and provincial party committees' policies and relevant arrangements, comrades will carry on the good tradition of the past and set a good example in studying documents, unifying ideology, promoting reform and economic prosperity, increasing efficiency, providing good services, observing discipline and being honest while performing duties; successfully accomplish the party's tasks of improving the economic environment, rectifying economic order, and deepening the comprehensive reform; and create a new situation in economic development and social progress in Jiangsu.

**Jiangsu To Launch Personnel Management Magazine**  
*OW1511184388 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 10 Nov 88*

[Text] **RENSHI GUANLI** [PERSONNEL MANAGEMENT] magazine will be formally published in January 1989 to adapt to the need for constant deepening of reform in the provincial personnel system and to provide better service to the four modernizations. The Jiangsu Provincial Personnel Bureau is sponsoring the magazine approved by the State Media and Publications Office.

The main tasks of the personnel management magazine is to publicize CPC Central Committee and State Council principles and policies on cadres personnel system and organizational reforms; study theories on personnel

and organizational management; publicize the establishment and promotion of a state civil servants system; exchange information on various localities' new conditions, problems, and experiences in the course of reforming personnel, wages, and organizations; openly and democratically supervise cadres personnel work; introduce knowledge, information, and materials concerned with personnel from ancient times to the present, and in China and from abroad; reflect society's call and demands on personnel and organization management; reply to the masses' questions on personnel, wages, and organization; serve reform and opening up to the outside world; and accelerate the pace of four modernizations construction.

**Jiangxi's Mao Zhiyong Inspects Winter Planting**  
*OW151113988 Nanchang JIANGXI RIBAO  
in Chinese 5 Nov 88 p 1*

[Excerpts] Mao Zhiyong and Lu Xiuzhen, respectively secretary and Standing Committee member of the Jiangxi provincial party committee, inspected the situation of winter planting in Pengze County on 4 November. After fully affirming the experience of Pengze County, Mao Zhiyong emphatically pointed out that while winter planting is currently in full swing, leaders at all levels across the province must mobilize the masses to race against time in fulfilling or overfulfilling their winter planting tasks. [passage omitted]

After hearing reports and making on-site investigations at Lianhua Village in Madong Township and Suanghe Village in Quanshan Township, Mao Zhiyong affirmed and called on the whole province to spread Pengze County's experience.

Mao Zhiyong stressed: Because of their low cost, few natural disasters, and short production cycles, winter crops can bring good economic returns. Winter planting is an important means for increasing the peasants' income as well as an important strategy for our province's overall agricultural development. What is more important is that success in winter planting is of great significance in implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, increasing supplies, easing shortages in agricultural products, balancing the market, curbing inflation, and stabilizing the overall situation. Leaders at all levels must realize the importance of and do a good job in promoting winter planting.

Mao Zhiyong said: Jiangxi is endowed with good natural conditions highly suitable for winter planting. At present, it is necessary to expand the acreage of and increase crop variety in winter planting by all possible means. [passage omitted]

Mao Zhiyong also stressed: Cadres at all levels must set up models and examples to spread agricultural science and technology among the masses. Various departments concerned must step up their services to help peasant solve various problems encountered in winter planting.

Mao Zhiyong said: According to statistics released by departments concerned, by the end of October, winter planting had completed on 19.19 million mu, or 74.2 percent of the provincial plan. Generally speaking, this year's winter planting has had a good beginning, thanks to the attention of leaders at all levels, the enthusiasm of peasants, and good weather. I hope that the entire province will join hands and make the best use of the present good weather in crash planting, transplanting, cultivating, and managing the winter crops, strive to fulfill or overfulfill this year's winter planting tasks, and lay a good foundation for next year's bumper harvests.

**Shandong People's Congress Meeting Opens 14 Nov**  
*SK1611033688 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 14 Nov 88*

[Text] The sixth Standing Committee meeting of the seventh provincial People's Congress opened at Jinan's Zhenzhuquan Auditorium on the morning of 14 November. Major items on the agenda of this meeting are to study the documents of the 3d Plenary Session of the 13th Party Central Committee and the NPC Standing Committee's decision on strengthening democracy and the legal system and safeguarding stability and unity to ensure the smooth progress of reform and construction, and make a corresponding resolution; to approve a decision on the date of the 2d session of the 7th Shandong Provincial People's Congress; to discuss the main points of the work of the Shandong Provincial People's Congress Standing Committee, the draft regulation of the Shandong Provincial People's Congress Standing Committee on the procedures for formulating local rules and regulations, the revised draft regulation of Shandong Province on protecting the legal rights and interests of consumers, and the draft provisional regulation of Shandong Province on management of town and township collective industrial enterprises; to hear and discuss a report of the provincial government on the project to divert Huang He water to Qingdao, and make a corresponding resolution; to hear and discuss a report of the provincial government on the enforcement of the PRC Water Law, Technological Contract Law, and Compulsory Education Law; to discuss a report on the development of township enterprises throughout the province; to hear and discuss a report of the provincial Higher People's Court on the building of courts; to discuss a report on handling of motions submitted by the presidium of the 1st session of the 7th provincial People's Congress to the urban and rural construction committee and the education, science, culture, and health committee for their discussions; to hold a by-election for deputies of Shandong Province to attend the 7th NPC; to approve a decision on increasing the number of deputies to the 7th provincial People's Congress; and to decide personnel appointments and removals.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over the plenary session on the morning of 14 November. Attending were vice

chairmen Lu Hong, Xiao Han, Wang Shufang, Lin Ping, Zeng Chenggui, Xu Sen, and Yan Qingqing. Attending as observers were Zhao Zhihao, provincial vice governor; Zhang Zhusheng, former vice chairman of the provincial People's Congress Standing Committee; Meng Zhaoju, president of the provincial higher people's court; and responsible comrades of the provincial People's Procuratorate, relevant departments of the provincial government, People's Congress Standing Committees of the cities under the direct jurisdiction of the province, people's deputy liaison groups of prefectures, and People's Congress Standing Committees of some cities and counties.

**Conference on Shandong Grain Purchasing Work**  
*SK1511075288 Jinan Shandong Provincial  
Service in Mandarin 2300 GMT 11 Nov 88*

[Text] On the evening of 11 November, the provincial government held a telephone conference on purchasing farm and sideline products.

At the conference, Ma Shizhong, vice governor of the provincial government, called on governments at various levels to further enhance leadership, to grasp the moment in the purchase of farm and sideline products, and to strive to comprehensively fulfill the purchasing tasks.

First of all, Vice Governor Ma Shizhong reported our province's situation in purchasing farm and sideline products.

He said: The overall situation in purchasing farm and sideline products is good this year. As of 10 November, the province fulfilled 95.2 percent of the grain purchasing task, 51 percent of the task of shifting grain purchased at negotiated prices to that at parity prices, 60 percent of the cotton purchasing task, and 44.1 percent of the peanut purchasing task. These tasks are expected to be overfulfilled. A total of 67.4 percent of silkworm cocoon purchasing task was fulfilled. The apple purchasing volume increased by 30,000 tons over the corresponding period of last year.

Ma Shizhong pointed out: The major problems at present in the current farm and sideline product purchasing work are as follows: First, the purchasing speed of some localities is slow. The province only fulfilled 73.7 percent of the autumn grain purchasing task. Twenty-one counties, cities, and districts throughout the province are basically slow in this regard. The task of shifting autumn grain purchased at negotiated prices to that at parity prices was fulfilled by 30.2 percent. Thirty counties, cities, and districts basically have not stored autumn grain. Twenty-nine counties, cities, and districts basically have not started their peanut purchasing work. Five cities and localities fulfilled their cotton purchasing tasks by less than 50 percent. Eleven counties, cities, and districts fulfilled their cotton purchasing tasks by less than 30 percent. Second, the market is not strictly

managed in some localities. Some departments and units continue to manage the purchasing of farm and sideline products, including grain, cotton, and oil-bearing crops; and continue to raise the prices or rush to purchase these products. All this has affected the purchasing work. Third, some localities simply rely on higher levels' subsidies in purchasing farm and sideline products. Thus, the progress of the purchasing work has been affected due to a lack of funds.

Ma Shizhong stressed: All localities should firmly grasp the purchasing of farm and sideline products, accelerate the pace of the work, and strive to fulfill the grain purchasing tasks and the plans of shifting grain purchased at negotiated prices to that at parity price by the end of November, fulfill the peanut purchasing tasks by early December or no later than mid-December, and basically fulfill the cotton and cottonseed oil purchasing tasks by the end of this year. We should conscientiously manage the market and resolutely stop price hikes or panic-buying activities.

Prefectures, cities, and districts should be regarded as units in purchasing grain and oil. Before the fulfillment of the grain and oil purchasing tasks and the plans for shifting grain purchased at negotiated prices to that at parity prices, no channel is allowed to be opened for marketing grain. We should conscientiously do a good job in collecting and allocating the funds for purchasing farm and sideline products. The funds allocated by the province to purchase above-quota grain, cotton, and oil must be used to purchase grain, cotton, and oil, but must not be diverted to any other purposes.

**Commentary on Shandong Rural Development**  
*SK1511035688 Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Nov 88*

[Correspondent's commentary: "We Still Have Some Worries in Conducting Rural Reforms"]

[Text] Over the 10-year period of reform, our province's rural economy has achieved rapid development, resulting in a tremendous change to the rural outlook. However, current problems which are perplexing peasants have not been dealt with and have a serious effect on the development of agricultural production. Therefore, the broad masses of peasants place great hopes on deepening the reform drive in rural areas.

Since the 3d Plenary Session of the 11th CPC Central Committee, rural areas throughout the province have shown a 3.4-fold increase in the total product of society, a 7.1-fold increase in the total output of cotton, a 1.4-fold increase in the total output of oil-bearing seeds, and a 4.5-fold increase in income per peasant. Under the driving force of the main reform trend, rural areas throughout the province have begun to change their natural economy into a commodity one, their livelihood of dressing warmly and eating their fill into one of being well-off, and their closed concept into one of openness.

Seventy million peasants across the province are dedicating their intelligence and wisdom to the development of the commodity economy, and a large number of peasant entrepreneurs have sprung up like mushrooms. The currently prominent issue in agriculture is that problems which are perplexing peasants have not been dealt with, thus bringing about an unsteady situation in agricultural production.

According to data on a recent investigation of the problems that perplex peasants, those about which they have lodged strong complaints are: 1) Materials for farming operations are in extremely short supply, their prices are high, and fake or poor-quality products do great harm to the peasants; 2) departments apportion expenses and collect funds from peasants arbitrarily, bringing about an extremely heavy burden to peasants; 3) rural units spend their public funds on extravagant eating and drinking and presenting gifts, and their cadres seek personal gain by taking advantage of power; 4) the service mechanism of rural collectives is not perfect, bringing about difficulties to enriching business operation; 5) prices in procuring farm and sideline products are low; and 6) wedding and funeral rites are extravagant.

Of these problems, the fundamental ones are the cost increase of farming, the lower profit rate of farm products, and the unprofitable undertaking of farming. All of these have damped the peasants' enthusiasm for farming.

However, the broad masses of rural cadres and peasants have fostered an idea through reviewing the typical experience gained in conducting reform over the past 10 years, which is that our party is putting itself in the peasants' position in order to consider the interests of peasants and sharing the common fate with peasants, and that the reform drive in rural areas is the only way for peasants to become wealthy as well. Therefore, they are firmly convinced that under the party's leadership, it is certainly possible for them to deal with the problems that are perplexing them and to bring about a new situation in which agricultural production is more prosperously developing.

**Shandong Holds Memorial Service for Fan Zhuxian**  
*SK1611034688 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Nov 88*

[Excerpt] The memorial service to mark the 50th anniversary of the death of General Fan Zhuxian, an anti-Japanese national hero, was held in Liaocheng on 15 November. A monument engraved with Deng Xiaoping's 10 glittering characters "Here lies national hero fan Zhuxian who died for the country" was erected in front of the memorial hall.

The monument was unveiled by Duan Junyi, member of the Standing Committee of the Central Advisory Commission; Xu Yunbei, member of the NPC Standing Committee; Zhao Jianmin, member of the Central Advisory Commission; and Gao Keting, former deputy secretary of the provincial party committee.

Zhao Jianmin, member of the Central Advisory Commission; Ma Zhongchen, vice provincial governor; and (Zheng Yitang), commissioner of the Liaocheng Prefectural Administrative Office, addressed the memorial report meeting, respectively. [passage omitted]

**Zhejiang Leader Xue Ju at Theoretical Forum**  
*OW1511051788 Hangzhou ZHEJIANG RIBAO*  
*in Chinese 2 Nov 88 p 1*

[Text] Zhejiang Province held a theoretical discussion meeting in Hangzhou from 28 October to 30 October to mark the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee. It was an important meeting of the theoretical circles in Zhejiang Province. The 109 participants included experts, professors, theoretical researchers, directors of the propaganda departments of city (prefectural) party committees, and authors of theoretical articles. The main topics discussed at the meeting were: 1) how to sum up this province's basic experience in reform of the last 10 years and analyze and study the orientation and thinking for further deepening the reform in accordance with the theories on the initial stage of socialism and on the criteria of the productive forces; and 2) how to implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and do good work in improving economic environment, rectifying economic order and deepening the reform in an all-around way in the light of the reality of this province.

Luo Dong, member of the Standing Committee and director of the Propaganda Department of the provincial party committee, presided over the meeting. Xue Ju, secretary of the provincial party committee, attended and addressed the meeting.

Comrade Xue Ju said: This is a very important meeting. It is not only an important event for Zhejiang's theoretical circles, but also a significant event in the party's political life in the province. Comrade Deng Xiaoping pointed out recently that it is time now to sum up experience. We have gained rich experience in reform and construction, both in theory and in practice, over the last 10 years. During this meeting, we should seriously sum up experience and explore and discuss major theoretical and practical questions concerning reform and construction in this province.

Comrade Xue Ju discussed two questions emphatically: 1) the theoretical work in past 10 years, and 2) several important theoretical questions that require us to explore and study in the course of implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee.

On theoretical work in the last 10 years, Comrade Xue Ju said: In the past 10 years, our party has made many new theoretical breakthroughs in connection with the great undertakings of reform and construction. For instance, the 3d Plenary Session of the 11th CPC Central Committee restored the ideological line of seeking truth from facts; during the 12th CPC National Congress, Comrade Deng Xiaoping put forward the scientific assignment of building socialism with Chinese characteristics; the 3d Plenary Session of the 12th CPC Central Committee drew the inference that socialist economy is a planned commodity economy on the basis of public ownership; the report to the 13th CPC National Congress systematically expounded the theory of the initial stage of socialism and reiterated the theory of the criteria of productive forces; and the central authorities have called for establishing a new order of socialist commodity economy. These new theoretical breakthroughs are constantly enriching our party's basic theories concerning socialist construction.

Comrade Xue Ju pointed out that in theoretical work, the following questions merit our attention and research: 1) Theory is the precursor of practice. Correct theories come from practice and are repeatedly tested by practice. The development of socialist commodity economy is an unprecedented, brand-new undertaking, and there are many new circumstances and questions requiring us to explore and study. There are also many theoretical questions that need to be constantly deepened and developed in the course of practice. Theoretical workers should explain historical phenomena and understand the world. It is even more important for them to concentrate on studying new circumstances, solving new problems, and researching into how to transform the world, solve problems accompanying our advances, and gradually improve the situation of theory lagging behind practice. 2) Theoretical workers should know how to sum up experience, and in the course of socialist reform and construction, see through the appearance of things to explore the law of things. For instance, why are repeated readjustments necessary and how could an inflation happen this year in a socialist country? We should know how to sum up experience from both positive and negative examples and from past setbacks, and convert our experience into theories to guide our socialist reform and construction. 3) We should use Marxism to guide our research on practical questions. Theoretical workers should face reality and put the emphasis on using Marxist stand, viewpoints and methods in a creative way in the research on practical questions concerning reform and construction. Theoretical workers should strive to explore new theoretical questions and serve in an even better way the socialist construction, reform and opening to the outside world. 4) Practical workers and theoretical workers should closely cooperate with each other. Practical workers should spend more time on studying theories, know the importance of theories and enhance their thinking ability. Theoretical workers should go deep into the realities of life and conduct investigation and study. It is particularly necessary to study and explore major

and urgent problems at present, and turn theories into the guidance and important basis for formulating policies and measures and for reform and construction.

Referring to the major theoretical questions to be studied while implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, Comrade Xue Ju said: The first question is why the problem of inflation has appeared in a socialist country. We should study how to control inflation by the "five methods;" namely, economic methods, administrative measures, discipline, legal means, and ideological and political work. To overcome the overheated economic growth, we should explore and establish a self-restraining mechanism. Second is the question of the socialist planned commodity economy. Development of the commodity economy requires the loosening of control, flexibility, and equal competition on the market. Under the socialist condition, however, the commodity economy must have the characteristic of planned proportionate development. The problem at present is that while loosening control and allowing flexibility, we have also relaxed macroeconomic regulation and control. How to handle the relationship between decontrol and flexibility on the one hand and macroeconomic regulation and control on the other so as to ensure a planned proportionate development of the socialist commodity economy and establish a new order of the socialist commodity economy is a major theoretical question worthy of intensive study. Third is the question of price and wage reforms. The price reform should be carried out in conjunction with other work. It is necessary to consider the capabilities of the state, enterprises, and people to stand the stress of the change. We should not devote our efforts solely to the price reform and isolate it from other work. We should not only see the necessity of the price reform, but should also be fully aware of its complicated and arduous nature. Fourth is the question of the distribution policy. In socialist distribution, stress should be put on efficiency and fairness. We should study this question and formulate a comprehensive distribution policy to solve the problems of egalitarianism and unfair distribution in society. Moreover, in the course of distribution, how to control the continuous growth of the consumption fund and, at the same time, stir up the enthusiasm of staff members, workers and cadres is a big question in real life. We hope that this question will receive the attention of those doing theoretical work. Fifth is the question of the second-step rural reform. Following the 3d Plenary Session of the 11th CPC Central Committee, the first-step rural reform has achieved noticeable results. As for how to deepen the second-step rural reform and how to strengthen the foundation of agriculture and rural construction, we should strive to explore new ways. Sixth is the question of the integration of material civilization and spiritual civilization. Socialism with Chinese characteristics must be socialism consisting of the building of these two civilizations. Our leading cadres at all levels should firmly uphold the guiding ideology of grasping these two civilizations simultaneously. In theoretical and propaganda work, it is imperative to stress the role of

spirit, put emphasis on high ideals, discipline, and incorruptibility, and give full play to our political strong points. In no way should we put money above all else. Otherwise, we will be spiritually regressive, and once we are spiritually regressive, we will also be materially regressive. Correction of corruption and unhealthy trends in society should begin with the consolidation of party organizations and the promotion of spiritual civilization. At the same time, it should be combined with the efforts to improve the economic environment, rectify the economic order, and build a new order of the socialist commodity economy.

Now, many comrades worry about whether the principles set at the 3d Plenary Session of the 13th CPC Central Committee can be really carried out as stated. Here the key task is to achieve unity in thinking and action within the party. Everyone should do this. Those at the higher level should lead those at the lower level, and party members, especially those who are cadres, should lead the masses. They should really have the correct thinking, take real action, make a real resolve to improve the economic environment and rectify the economic order, and be really able to do what they say in being strict with themselves and giving full play to their role as party members. In sum, they should make "real" efforts to do all these.

The discussion meeting was permeated with an atmosphere of unity, democracy, and harmony. More than 40 representatives vied to speak. The consensus of their opinion was that implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee is an important guarantee for the smooth development of reform and construction, and that those doing theoretical work should do their best and wholeheartedly plunge into the work of improving the economic environment, rectifying the economic order, and deepening the reforms in an allround way. Based on the actual situation in the province, the comrades offered a number of useful suggestions on improving the economic environment and rectifying the economic order.

In a speech delivered before the close of the meeting, Comrade Luo Dong said: The academic papers presented and speeches made at this meeting are of a fairly high quality with clear-cut subjects. Discussions centered around the implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. In addition, we reviewed and summed up the theoretical work in our province over the past decade and affirmed the great efforts made by theoretical workers with regard to theoretical studies, propaganda, and education and the significant role of these efforts in building the two civilizations, in conducting reforms, and in opening to the outside world. He said facts indicate that our province's theoretical work contingent is of fairly good quality, has a certain fighting capability, and can be trusted and relied upon. On behalf of the provincial party committee and government, he thanked all theoretical workers in the province and hoped that they would

actively plunge into the practical work of studying new circumstances and solving new problems so as to make still greater contributions to our province's reform and construction.

### Northeast Region

#### **Sun Weiben at Heilongjiang Party Work Conference** SK1611024588 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 15 Nov 88

[Text] At the November party work conference of organs directly under the provincial party committee, Sun Weiben, secretary of the provincial party committee, said: To eliminate the people's complaints and solve problems concerning topics that are important to them, we should positively conduct the education on the current situation. Through reform and education on the current situation, we should upgrade the people's ability to support material and spiritual civilizations.

Sun Weiben said about the current situation: The investigation results showed that through the past 10 years of reform, the people's living conditions have actually improved. Specific manifestations are as follows: The people have increasingly more money and meat dishes. Increasingly more people are wearing woolen clothes and using expensive daily consumer goods. Why do the people indefinitely get angry after their living conditions are improved? Some people even swore at people after having had a meat dish. Besides the imbalance between the degree of the people's satisfaction and the improvement of their livelihood and some people's complaints about comparing tendencies from a historical slant and about price hikes, unfair social distribution and some corrosive phenomena within party and government organs are major causes for the people's dissatisfaction.

Sun Weiben said: Conducting education on the current situation is a task which brooks no delay. Instead of being an onlooker, each Communist Party member of provincial-level organs should participate positively in education. We should justly and forcefully propagate the gigantic achievements gained over the past 10 years of reform, stress achievements in lien with the principle of seeking truth from facts, and reason logically. We should strengthen our resolve to upgrade the people's ability to psychologically withstand material and spiritual civilizations. Persistently in line with the principle of seeking truth from facts, we should guide the people to analyze existing problems specifically. On the issue of a bright future, we must not avoid talking about existing problems. We must not idealize reform work.

Sun Weiben said: Education on the current situation should be carried out within the party first. Leading cadres of the provincial party committee and the organs directly under it should play an exemplary role in conducting the education. Leading organs should vigorously advocate the practice of studying and discussing theories

so as to solve the current problems and predict the problems that will emerge in the future. At the same time, we should consciously strengthen the party's ideological and political work, set up a new pattern of the ideological and political work, strengthen supervision within the party, enhance the construction of systems, and ensure the honesty of party and government organs.

Ma Guoliang, secretary general of the Standing Committee of the provincial party committee and secretary of the work committee of the organs under the provincial party committee, also arranged the party work for organs directly under the provincial party committee.

#### **Heilongjiang Theoretical Seminar Ends 26 Oct** SK1511082888 Harbin HEILONGJIANG RIBAO in Chinese 27 Oct 88 p 1

[Text] After a 3-day discussion, a theoretical seminar sponsored by the provincial authorities to mark the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee concluded successfully on 26 October.

Attending the closing ceremony of the seminar on the afternoon of 26 October were Li Jianbai, member of the National People's Congress Standing Committee; Zhou Wenhua, deputy secretary of the provincial party committee; Qi Guiyuan, member of the Provincial Party Standing Committee and director of the propaganda department under the provincial party committee; Ma Guoliang, secretary general of the provincial party committee; Zhang Xiangling, vice chairman of the Provincial Advisory Commission; and He Shoulun, vice chairman of the provincial People's Congress. During the closing ceremony, Zhou Wenhua delivered a speech entitled "Emancipate Minds and Be Geared to Reality In Order To Flourish and Develop Theoretical Undertakings." Qi Guiyuan made a closing speech.

The theoretical seminar was held while masses from top to bottom levels across the province were earnestly studying and deeply implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee. During the seminar, the province also sponsored the conference of directors of propaganda departments of various cities and prefectures across the province and the forum on the new order of the socialist commodity economy in order to have all participants jointly take part in the discussion. The spirit of the national conference of propaganda department directors was relayed to the conference, and the situation prevailing in the national theoretical seminar on conducting reform in economic systems was introduced at the forum. In addition to holding group discussions and exchanging papers, the theoretical seminar also provided opportunities for all participants to make a speech and held a discussion on revising the provincial "regulations" on carrying out the theoretical study of social science.

During the seminar, the participating comrades spoke freely in a vivid, democratic, and harmonious atmosphere; and reviewed and summarized the new leap and important breakthroughs scored by our party in theories over the past 10 years under the guidance of the line set by the 3d Plenary Session of the 11th CPC Central Committee. They also studied important and major topics on building socialism with Chinese characteristics and particularly the issue of how to implement the central guiding principles, policies, and measures for improving the economic environment, rectifying the economic order, and deepening the reform drive in an overall way; and put forward many valuable theoretical viewpoints and suggestions.

Through the discussion at the seminar, the important and major theoretical achievements scored by our party in the past 10 years in deepening the understanding of socialism were summarized by the participants as follows: Four theories have actually been established. Those are on the initial stage of socialism, the socialist commodity economy, socialist democratic politics, and overall socialist reform. Through summarizing the new theoretical leap scored by our party over the past 10 years, the participants believed that they had been very enlightened by the new leap. They had learned that, in emancipating minds and deepening the understanding of socialism, it is imperative to uphold the criterion of practice and productive forces, to uphold the principle of the "one center" and the "two basic points," to develop political democracy and academic freedom, and to study or research the series of expositions and thoughts of Comrade Deng Xiaoping on building socialism with Chinese characteristics.

It was pointed out at the seminar that our country's reform and construction have at present entered a crucial period during which the task undertaken by theoretical workers has become heavier and more arduous. To better implement the demand put forward by the provincial party committee on theoretical work, the participants urged localities throughout the province to establish lateral associations between theoretical research departments and practical work departments so as to enable them to exchange work situations frequently, to carry out consultation and dialogue, and to mutually study problems; and to foster a new theoretical research mechanism of coordinating and helping each other to bring into play the enthusiasm of both theoretical research and practical work departments. In studying theories, we should uphold a correct political orientation, encourage and protect the spirit displayed by theoretical workers in boldly carrying out exploration, and direct theoretical workers to put forward new views and to contend among different theoretical viewpoints. Efforts should be made to vigorously create a unified, democratic, and harmonious social climate and an atmosphere with unified, democratic, and harmonious public opinions.

The seminar stressed that party committees at all levels should take theoretical building as a fundamental task,

enhance the consciousness of all party members and cadres in studying theories, and foster a strong atmosphere of studying theories in all of society so as to greatly upgrade the people's capability in applying basic Marxist theory to carry out further research and to deal with basic problems concerning the socialist economy and politics and to ensure or promote the smooth development of the province's drive to conduct reform and construction.

**Harbin-Heihe Air Route Reopens in Heilongjiang**  
HK1411152188 *Beijing CEI Database in English*  
14 Nov 88

[Text] Harbin (CEI)—The Heihe airport on China's northeast frontier has reopened and the air route from Harbin to Heihe City resumed on November 12 after an 18-month reconstruction of the airport.

The route is 519 km and it takes one and half hours to fly from Heihe City to Harbin, the capital of Heilongjiang Province.

There are return flights three times a week—Mondays, Wednesdays and Fridays.

The original earth runway has been reconstructed of concrete and the terminal building rebuilt.

Heihe City is on the border with the Soviet Union, and this year it has attracted a large number of day-trippers who cross the border for sightseeing.

**Activities of Jilin's He Zhukang Highlighted**

**Attends Congress Work Meeting**  
SK1511074588 *Changchun JILIN RIBAO in Chinese*  
25 Oct 88 p 1

[Excerpts] The provincial party committee sponsored a meeting on the work concerning the People's Congress in the city of Changchun on 24 October.

Major items on the meeting's agenda were discussion and study of the issue of how to meet the need of developing the situation and further enhancing the building of socialist democratic politics throughout the province to ensure the effective implementation of the principle, policy, and measures set forth by the CPC Central Committee on improving the economic environment, rectifying the economic order, and the overall deepening of the reform drive.

During the meeting, He Zhukang, secretary of the provincial party committee and governor of the province, delivered a speech on how to enhance party leadership to bring the role of the People's Congress into further play during the crucial reform period. Also speaking at the meeting were Huo Mingguang, chairman of the provincial People's Congress Standing Committee, and Wang

Zhongyu, deputy secretary of the provincial party committee and vice governor of the province. Responsible comrades from the provincial People's Congress and principal responsible comrades from the party committees of cities, prefectures, and autonomous prefectures as well as from the offices of the people's congress and the governments (administrative offices) of cities, prefectures, and autonomous prefectures attended the meeting.

Comrade Du Qinglin, deputy secretary of the provincial party committee, presided over the meeting.

It was contended at the meeting that over the past few years the people's congresses and their standing committees at all levels have played an important role in establishing democratic and legal systems by vigorously performing their duties in line with the law. It should be said that the situation prevailing on the province's work concerning the People's Congress has become increasingly good and that the system of the people's congress is being increasingly improved. However, there are still some problems in some fields. For example, some party committees have not paid full attention to having the people's congress play its role in conducting supervision in line with the law during the new historic period. Some governments, courts, and procuratorates have not actively accepted the supervision of the people's congresses and their standing committees in line with the law. Some People's Congress Standing Committees have not firmly fostered the guiding ideology of playing a supervising role in line with the law and rendering services in the drive to conduct reform and build the four modernizations. Some People's Congress Standing Committees have had ideological deviations in performing their "supervision" duties. All of these have shown that it is necessary to further straighten out the understanding on the relationship between party committees and the People's Congress and the relationship between the People's Congress and the government, the People's Court, and the People's Procuratorate.

It was pointed out at the meeting that our party is a party in power and that upholding the CPC's leadership represents the central task in upholding the four cardinal principles and constitutes the strongest point of our politics. The people's congresses and their standing committees must receive the party's leadership, which represents a principle that must be upheld in conducting the work concerning the People's Congress and also represents a fundamental guarantee for realistically strengthening the work on this. [passage omitted]

At present, our country's drive to conduct reform has entered a crucial period and is facing serious difficulties and problems, including prominent ones on the extremely large scale of inflation and price hikes and in the circulation field which obviously has chaotic phenomena. Without dealing with these problems, we will be unable to straighten out commodity prices; to deepen the reform drive in an overall way; or to have economic

building achieve sustained, stable, and healthy development. Therefore, our local people's congresses and their standing committees should naturally assume the responsibility of implementing the policy decision made by the CPC Central Committee.

It was emphatically pointed out at the meeting that important tasks undertaken by the people's congresses and their standing committees in the coming 2 years will vigorously enhance the building of legal systems under the party's leadership and earnestly perform the duties and rights imposed on them by the Constitution and the law to ensure the effective and overall implementation of the guiding principles, policies, and measures adopted at the 3d Plenary Session of the 13th CPC Central Committee. First, we should enhance the legislative work that must be based on accelerating the pace of conducting reform and deepening the reform drive. [passage omitted]

Second, we should strictly enforce the law and safeguard the authority of the law. The people's congresses and their standing committees at all levels must enhance their work of conducting legal supervision. [passage omitted]

Third, we should enhance propaganda and educational work on legal systems to upgrade the sense of all citizens on the law and particularly the sense of working personnel in the party and government organs. Successfully getting a hold on this work will play an especially important role in improving the economic environment and rectifying the economic order during the current period. Only by having the broad masses of cadres and the people know well and master the law and having everyone in society understand the law and foster a habit of abiding by the law and waging a struggle against unlawful acts will we be able to create a good and stable social environment for the drive to conduct reform and construction.

It was also contended at the meeting that efforts should be made to further enhance or improve the party's leadership over the work concerning the People's Congress and to define the content and style of the party's leadership over the work. A good job should be done chiefly in conducting the work of making policy decisions and carrying out recommendations, supervision, and coordination. Efforts should be made to support and ensure the people's congresses and their standing committees to perform their duties and rights in line with the law, to successfully carry out the building of the People's Congress organizations and the contingent of the organs' staffers, and to improve their work to a better extent.

#### Visits Colleges, Universities

SK1511005488 Changchun Jilin Provincial Service  
in Mandarin 1030 GMT 10 Nov 88

[Excerpts] Leading comrades of the provincial party committee, the provincial people's government, and the relevant departments, including He Zhukang, Wang

Zhongyu, Du Qinglin, Gu Changchun, Chen Xingyin, Li Deming, Liu Xilin, Gao Wen, Gao Yan, (Liu Dongjie), and (Zeng Hongwen); (Zhang Jun), vice chairman of the provincial Planning and Economic Commission; (Chen Mokai), (Yang Changfu), and (Fan Yeben), vice chairmen of the provincial construction commission; and responsible comrades of other departments concerned, recently went individually to institutes of higher education, including Jilin University, Jilin Engineering University, Changchun Geological College, Dongbei Teacher's College, Bcthune Medical College, Jilin Engineering College, Jilin Agriculture University, Jilin Nursery College, and Siping Teacher's College, to conduct investigation; to learn about the schooling situation; to look into the student mess halls and dormitories and the houses of professors, staff members, and workers; and to inquire carefully about the state of affairs in work, study, livelihood, and ideology among students, professors, staff members, and workers. During their inspection tours, they were generally welcomed by the institutions of higher education.

During the forums held during their inspection tours, the leading comrades of the provincial party committee and the provincial people's government relayed comprehensively the spirit of the work conference of the CPC Central Committee and the 3d Plenary Session of the 13th CPC Central Committee; clearly analyzed the current economic situation by bearing in mind the province's reality; emphatically elaborated the importance of improving the economic environment, rectifying economic order, and deepening the reform drive in an overall way; and described the issues on conducting reform in the unreasonable price system and wages.

Meanwhile, they urged the participants at the forums to clearly discern the long-term and complicated character of the reform drive and to be prepared ideologically to boldly overcome difficulties, to correctly deal well with the relationship between immediate and long-term interests, to enhance their confidence in deepening the reform drive, to understand correctly and in an overall way the spirit of the 3d Plenary Session of the 13th CPC Central Committee, and to promote the pace of deepening the reform drive.

During the forum held at Jilin University with mid-level cadres, Comrade He Zhukang, secretary of the provincial party committee and governor of the province, asked the participants to raise their viewpoints and questions concerning the drive to conduct reform and open to the outside world. When talking about the task of dealing with corrupt phenomena within the party, Comrade He Zhukang stated resolutely that the central authorities have made up their minds in this regard and are capable of dealing with them. The provincial authority has also made up its mind in this regard, and the exposure of these phenomena is always welcomed. We are sure to investigate all such cases, no matter who is involved, will refrain from shielding any personnel.

When talking about the price increase for grain and edible oil, Comrade He Zhukang stated resolutely: All of you can rest assured that the prices of grains and edible oil will not be raised in the future. [passage omitted]

During their inspection tour of Changchun Geological College, Comrade He Zhukang, secretary of the provincial party committee and governor of the province; Comrade (Zhang Hongwen), deputy secretary general of the provincial People's Government; and Comrade (Chen Mokai), vice chairman of the provincial Education Commission, learned about strains on the power supply which had adversely affected teaching activities and caused chaotic order at the college. They also discovered a large bell which just stands in the middle of the road to the students' dormitory and has caused traffic inconvenience for the students. They immediately instructed the personnel responsible in the city to take charge of dealing with this problem. The professors, students, staff members, and workers of the college expressed great satisfaction with the decision. [passage omitted]

**Jilin People's Congress Meeting Opens 14 Nov**  
SK1511034488 Changchun Jilin Provincial Service  
in Mandarin 1030 GMT 14 Nov 88

[Text] The sixth meeting of the seventh provincial People's Congress Standing Committee opened on the morning of 14 November. The meeting's agenda includes 14 items.

Huo Mingguang, chairman of the provincial People's Congress Standing Committee, presided over the meeting, during which a report was delivered by Chen Zhenkang, vice chairman of the provincial People's Congress Standing Committee, on relaying the spirit of the fourth meeting of the Seventh NPC Standing Committee.

During the meeting, the participating members heard the report given by the financial and economic committee under the provincial People's Congress Standing Committee on the explanation for revising the draft regulations on the natural protection of Changbai Shan in Jilin Province, the report given by the provincial aquatic production bureau on the explanation of the provincial draft regulations on fishery, and the report given by the law committee under the provincial People's Congress Standing Committee explaining the draft regulations on the work undertaken by the Standing Committee of conducting supervision over the People's Court and People's Procuratorate at the same level.

Attending the meeting were vice chairmen of the provincial People's Congress Standing Committee, including Cheng Shengsan, Cui Lin, Yu Ruihuang, Renqinzhamusu, Zhu Jinghang, and Ke Muyun; Zhang Jiande, secretary general of the provincial party committee; and members—40 persons in all.

Among those who attended the meeting as observers were Gao Wen, vice governor of the province; Xie Anshan, president of the provincial Higher People's Court; responsible persons from the provincial People's Procuratorate; and responsible personnel from the provincial-level departments and bureaus concerned, the People's Congress Standing Committees of various cities and autonomous prefecture, the office of Baicheng Prefecture, and from various committees under the provincial People's Congress.

During the meeting, the provincial People's Congress Standing Committee also provided seats for visitors which were occupied by working personnel from the provincial trade union council, the provincial CYL Committee, and the provincial Women's Federation.

On the afternoon of 14 November, participating members took part in a group discussion on the spirit of the 3d Plenary Session of the 13th CPC Central Committee, the work conference of the provincial party committee, and the work conference on People's Congress affairs.

During the meeting, participants all contended that the principle and policy of the third plenary session on improving the economic environment, rectifying economic order, and deepening the reform drive in an overall way accord with the reality and the people's will, were exactly put forward in a timely manner, and are very important. Our country has experienced 10 years of reform and the general situation in reforms is good. Achievements scored in reforms have drawn the attention of the world people.

In the future, we will certainly encounter many difficulties and obstacles in our advance. Over the past year, there have been some abnormal phenomena, such as an overheated economy, inflation, and the extremely large scale of capital construction projects. If we fail to deal with these problems, unstable factors would continue to develop.

Members participating are convinced that only by having the entire party and the people of various nationalities throughout the country unite as one and proceed from the whole situation of improving the environment and rectifying order will our country's construction achieve healthy development and will our country certainly be able to deepen the drive to conduct reform.

**Jilin Readjusts Communications Service Plan**  
**SK1511033288 Changchun Jilin Provincial**  
**Service in Mandarin 1030 GMT 14 Nov 88**

[Text] According to information obtained by our reporter (Wan Ping) from the second provincial conference on communications work that ended on 14 November, the provincial government decided to give priority to developing postal and telecommunications undertakings under the situation of vigorously curtailing the scale of capital construction throughout the province. The

provincial government defined the principles for postal and telecommunications service as developing this service before everything else, letting different levels assume responsibility, and mobilizing the whole province to build it.

Since the 3d plenary session of the 11th party Central Committee, our province has scored great achievements in developing postal and telecommunications undertakings. However, this development still lags behind the development of the province's national economy, and the contradictions between supply and demand are still very conspicuous. For this reason, the provincial government decided to readjust the province's development plan for communications service during the coming 12 years and set forth the strategic goal of developing communications service before everything else.

By the end of this century, the projected number of long-distance telephone lines in the province will be readjusted from the original 13,000 to 22,700 and that of switchboards for local calls, from 530,000 to 856,000; some 4.5 percent of urban and rural residents will be provided with telephone service; and the telephone universal rate will reach 9.9 percent in urban areas and 21 percent in the city of Changchun.

To fulfill this plan, we should implement the system of different levels assuming different responsibility for building communications facilities and should raise funds through diverse channels in order to create conditions for developing the communications service.

**Quan Shuren Gives Liaoning Punishment Directive**  
**SK1211035688 Shenyang Liaoning Provincial**  
**Service in Mandarin 1030 GMT 10 Nov 88**

[Text] [Passage indistinct] On 19 October, a young woman worker went to work by street car and was insulted by a ruffian aboard. At that moment, none of the other passengers paid any attention to the incident. When the street car arrived at the terminal, the woman worker hurriedly got off and the ruffian pursued and attacked her, kicking her and hitting her with his fists. None of the more than 100 eyewitnesses stepped in to stop him. Then, the ruffian dragged her to the check-out gate where she exerted all her strength to hold on to the railing and cried to the station officials for help. But, there was no one around the gate to respond to her call. When she tried to enter the gate, the station official shut the door to block her. Then, she was dragged by the ruffian to a mountainous area 1,500 meters far from the train station and suffered an enduring insult.

After the report lodged by the woman worker, the public security department arrested the ruffian, (Li Chao), at 2200 that evening. He is a worker at the battery plant in Fushun City.

Upon seeing the news in FUSHUN RIBAO on 6 November, Quan Shuren immediately wrote a letter to (Lu Zhenhua), secretary of the Fushun City Party Committee. In the letter Quan Shuren said that the news makes people angry and upset; that it is intolerable that a woman was insulted in broad daylight without anyone coming to her aid and that the station official openly refused the cry for help of an endangered woman. Quan Shuren said that the criminal must be punished strictly and in a timely manner, personnel concerned who did not give a helping hand to the endangered woman should be called to account, and those who are party members or cadres should be dismissed from the party or from their posts. He said that the handling of the case must be opened to the public and that the incident should be put into mass discussion throughout the city.

Upon receiving the letter from Quan Shuren, (Lu Zhenhua), secretary of the Fushun City Party Committee, immediately instructed the departments concerned to further investigate the case. Currently the units of public security, procuratorial affairs, judicial affairs, and of the Fushun mining administration bureau are carrying out an investigation and examination among persons involved in the case.

**Provincial Standing Committee Meeting Opens**  
*SK1611013688 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 15 Nov 88*

[Text] The sixth Standing Committee meeting of the seventh provincial People's Congress opened today. The 5-day meeting will proceed in two stages. The first 2 days will be devoted to studying the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the fifth enlarged plenary session of the sixth provincial party committee and to discussing the relevant resolution of the provincial People's Congress Standing Committee on the implementation of these guidelines. The last 3 days will be devoted to discussing two work reports and three local draft laws and regulations.

**Liaoning Enterprises in Danger of Bankruptcy**  
*HK1411034888 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 14 Nov 88 pp 1, 3*

[By staff reporter Zhang Yuan]

[Text] Shenyang—About 150 enterprises in Shenyang, including four owned by the state, are in danger of bankruptcy, a local official told BUSINESS WEEKLY last week.

This is under the new enterprise bankruptcy law which came into effect on November 1.

The 150 enterprises have about 10,000 employees.

About 40 of the companies are in such a bad state financially that they should be closed down, said Han Yaoxian, vice-director of the enterprise bankruptcy office of the Shenyang municipal government. But, he added, only a handful are expected to actually be made bankrupt during the course of the coming year.

He claimed that this would be the case because of the slow application of the reforms in the fields of employment, social insurance, and the training of people to administer the new economic laws.

In August 1986 the city declared the Shenyang Anti-explosion Devices Plant, a collectively-owned enterprise, bankrupt. It was China's first bankruptcy case recorded since 1949.

Last month, Shenyang announced that another two collectively-owned enterprises had gone bankrupt.

But different ways were adopted in the new cases of impending bankruptcy in order to achieve a better result than just declaring them bankrupt, Han said:

For instance, a combination of takeover and bankruptcy was implemented in the case of the Shenyang Anti-Corrosion Chemical Plant.

The plant, with 26 employees and 93 retired workers, was in debt to the tune of 130,000 yuan while its total assets were valued at only 22,000 yuan.

There is no doubt that it should go bankrupt. But its employees were strongly against it. Some threatened a sit-in strike if the plant was declared bankrupt.

Han said the threat did not influence the municipal decision, but bankruptcy was not the only way to increase productivity.

When the profitable Shenyang Carpentry Machinery Plant needed more workshops, it offered to take over the chemical plant along with its 26 employees and its outstanding debts. The city government agreed. The 93 retired workers will receive their pensions from the city's insurance company.

Wei Yushu, director of the enterprises bankruptcy office, said, "This approach enables employees from bankrupt factories to take other jobs rather than becoming unemployed. It gives the successful companies what they need, namely more workshops."

Han said bankruptcy warnings had been given to four other factories. As a result two of them have improved to such an extent that they will be taken off the warning list. The other two could well be declared bankrupt.

The bankruptcy law has been drawn up for State-owned enterprises only on a trial basis. But so far, no bankruptcy case involving a State-owned enterprise has taken place in the country.

This is because State-owned enterprises can get subsidies from the State and can run up losses arising from government policy. So, to declare a State-owned enterprise bankrupt is more difficult, Han said.

According to ECONOMIC DAILY, more than 400,000 enterprises in the country are running in the red and three-quarters of them should be closed. The government this year has to spend about 40 billion yuan, half of the nation's industrial profit, to subsidize state-owned enterprises.

**Airports on Island, Border Completed in Liaoning**  
**HK1211021888 Beijing ZHONGGUO XINWEN SHE**  
**in Chinese 0708 GMT 10 Nov 88**

[Report: "China's First County-run Civil Airport Open to Air Traffic"—ZHONGGUO XINWEN SHE headline]

[Text] Dalian, 10 Nov (ZHONGGUO XINWEN SHE)—An airport built with funds raised by the people of Liaoning's Changhai County was completed and open to air traffic not long ago. It is China's first county-run civil airport.

Changhai County is situated off the eastern coast of the Liaodong Peninsula. It consists of 112 scattered small islands and is far away from the mainland. In April 1987, with the approval of the State Council, the county raised 8.5 million yuan to build an airport on one of the islands. The airport has a total area of 445 mu. Small airplanes imported from Canada will be used there. Each of these airplanes can carry 20 passengers. Now, it takes one only 27 minutes to go to Dalian from Changhai, 15 times faster than by ship.

In addition, the extension of the Heihe airport in Heilongjiang Province on the Sino-Soviet border was completed. The resumption of service is scheduled for 11 November.

In the past, the Heihe Airport runway was a dirt runway. It was closed 2 years ago to be extended. Now, a 1,500-meter cement runway has been built. The air distance between Haihe and Harbin is some 500 km. There will be three flights each week.

A month ago, "1-day tours" were initiated between Heihe and the Soviet Union.

**Liaoning Oil Field Leading Heavy Oil Producer**  
**OW151103888 Beijing XINHUA in English**  
**1518 GMT 14 Nov 88**

[Text] Beijing, November 14 (XINHUA)—The Liaohe oilfield has become the biggest producer in China of heavy and pour-point oil, with its output accounting for about 80 percent of China's total.

Located in Liaoning Province, the oilfield will produce this year 32.12 million bbl [barrel] of heavy oil and 18.98 million bbl of pour-point oil.

The Liaohe oilfield is China's third-largest oilfield after Daqing in Heilongjiang Province and Shengli in Shandong Province. It produced 82.855 million bbl of crude oil last year, and it is expected to produce 91.62 million bbl of crude oil this year.

Heavy oil accounts for one third of its reserves, and pour-point oil, for one fifth. The pitch content in the heavy oil and the wax content in the pour-point oil is as high as 40 to 60 percent.

The deposits are located 1,000 m to 1,600 m underground, and hence difficult to tap.

The Liaohe oilfield produced only 2.847 million bbl of heavy oil a year before 1982, but in that year it imported advanced equipment from abroad and increased its output.

The heavy oil output grew at an annual rate of 57 percent and reached 25.55 million bbl last year. The pour-point oil output grew to 11.68 million bbl last year from 1.153 million bbl in 1984.

**Commentary Views Zhao Ziyang 'On the Run, Again'**  
*OW1611060188 Taipei International Service  
in English 0200 GMT 16 Nov 88*

[Station commentary "Chao on the Run, Again"]

[Text] It looks as though Teng Hsiao-ping may lose another handpicked successor to the wolves. Nearly 2 years after Teng's first protege, Hu Yao-pang, resigned in disgrace after being blamed for student riots, the second Teng protege, Chao Tzu-yang, is under fire from Maoist hardliners in the Chinese Communist Party in Peking.

Chao, like Hu, is Communist Party chief. He is also a defender of Teng's economic reforms. Teng has been Communist China's paramount leader since 1978, when he began introducing limited market reforms in the Mainland Chinese economy. Teng is now 84 years old, and there is much concern at home and abroad about who his likely successor will be. Chao is considered to be in line for the job, despite his recent troubles with the party hardliners.

Chao's critics have tried to blame him repeatedly for some of the economic ills afflicting Mainland China. They blame overheated reforms for rampant inflation, wider disparity in incomes, and a host of other economic problems.

In late September, things came to a head when Chao was forced to give a Maoist style self-criticism in front of his party peers. But sources in the party say that the hardliners were not convinced of Chao's sincerity. Chao kept using the term we in citing mistakes made, and he also stuck to his previous line that the economic problems are normal for the mainland's current stage of development. Controversy broke out in the top ranks of the party when hardliners judged the self-criticism as inadequate. Chao later refused to make any official changes in the content of his speech.

Evidently, Chao's critics wanted to see him place blame squarely on the Communist Party leadership, so as to give the appearance that Chao's faction, and not any other, is at fault. They also wanted Chao to exonerate Communist China's premier, Li Peng, who is said to be among the conservative-minded faction.

Chao's troubles clearly point to the existence of an ongoing power struggle in the top ranks of the Communist Party. The problems also point to a slip in the power and prestige of Teng.

If Chao's troubles do indeed presage a fall from grace by Teng, the repercussions for the Chinese mainland could be enormously fateful. It goes without saying that most Mainland Chinese welcome the limited economic

reforms and freedoms Teng has introduced. His fall would most likely lead to a return to power by the Maoist faction of the party, something the common people fear most.

Meanwhile, Western governments would particularly get a rude awakening, should Teng lose power to the Maoists. Most countries have geared their policies toward Mainland China on the basis of Teng's economic reforms, and perhaps have become too dependent on Teng's presence.

But the real disturbing part about all this is that the needs of the one billion Mainland Chinese are headed for neglect again. For 4 decades the Communist Party has recklessly engaged in one power struggle after another. Economic development has always taken a back seat to the political games communists play in Peking. The time will come when the people say enough is enough.

**Commentary on 'Peking' Tightening Trade Rules**  
*OW1511043788 Taipei International Service  
in English 0200 GMT 9 Nov 88*

[Commentary: "Peking Tightens Trade Rules"]

[Text] The Chinese Communist regime in Peking is beginning to show signs of backtracking on unofficial, people-to-people contacts with Taiwan Chinese. The latest noises to that effect are that Peking is readying to tighten trade rules, to slow the amount of Taiwan-made goods entering Mainland China.

News reports in Taipei this week have indicated that Peking will revoke the privilege that allows Taiwan Chinese to bring household appliances and other large gifts to mainland relatives without paying duty. Peking's policy of allowing Taiwan goods to enter the mainland duty free has been an on-again, off-again affair since 1978. In the past year or so, after Taipei liberalized visits to Mainland China by Taiwan Chinese with relatives there, Peking has become increasingly wary of the high number of goods being brought into the mainland, and which end up on the blackmarket instead of in the home of mainland relatives. Taiwan Chinese often bring the "three bigs" or "five smalls," that is, color televisions, refrigerators, and washing machines; and wristwatches, tape recorders, cameras, electric fans, and sewing machines, respectively, into Mainland China all without paying import duties, as the items are listed as gifts for relatives. Peking has become [word indistinct] about these items shown on the blackmarkets at outrageous prices, so it says. What probably worries Peking most is that the traffic from Taiwan, and the large quantities of major purchase gifts, have created a near uncontrollable thirst for Taiwan-made goods across the mainland. Peking is likely worried about the social and economic effects of such an influx of symbols of the good life from Taiwan.

On a more important plane of Taiwan-mainland trade contacts, Peking has recently said it will review the unofficial, indirect trade ties with Taiwan, with an eye toward strengthening its control of the trade, which is mostly routed through Hong Kong.

In one move Peking will reportedly require exporters to Taiwan to apply for licenses for 27 items, including peanuts, crude oil, coal, cotton, and textiles.

Peking has also decided to impose quotas on certain imports from Taiwan including umbrellas, zippers, cosmetics, sporting goods, calculators, shoes, lighting equipment, watches, and apparel. Reports from Peking say that the restrictions on the import of these items is part of an overall plan to protect mainland industries from outside competition in general, not just from Taiwan competitors.

According to the plan, some quotas will be set, but nearly all items will see raised import tariffs. In a bid to cut down on exports of such items as silkworm cocoons and raw silk, Peking has decided to impose export "tariffs," sometimes at a 100 percent rate to discourage exporters.

The rumbling across the Taiwan Strait on trade issues has raised suspicions in the Republic of China on Taiwan that Peking is backtracking on opening its doors to Taiwan goods, perhaps as a first step toward closing the door ever so slightly to Taiwan's social, economic, and political influence. We certainly hope that is not the case.

**Official on Gradual Opening Up of Mainland Policy**  
*OW1311134088 Taipei International Service  
in English 0200 GMT 13 Nov 88*

[Text] The government will gradually open up its policy towards Mainland China on condition that national security and well-being of the public are preserved. This is according to Ma Ying-chiu, chairman of the Research, Development, and Evaluation Commission. Ma, concurrently secretary to the Mainland Policy Board of the Cabinet, made the statement on Friday [11 November] in response to a query in the Legislative Yuan.

He said: The government cannot ignore the fact that Peking has never renounced its alleged one-country two-system formula, insistence on the four cardinal principles, including socialism and communist rule, or its threat to use force against Taiwan.

In addition, Ma said: Peking has repeatedly denied the ROC's [Republic of China's] international position and sought to downgrade Taipei's status in the world community. Unless Peking responds to the ROC's call for change in its hostile attitude, Ma said, the government must be cautious in its policy towards the mainland.

**Cabinet Undecided on Mainland Go Player's Visit**  
*OW1311133388 Taipei International Service  
in English 0200 GMT 13 Nov 88*

[Text] Education Minister Mao Kao-wen said on Friday that his ministry is still making efforts to find a way to allow a leading go player from Mainland China to compete in a tournament here. Mao said: The problem is that Nieh Wei-ping is a member of the Communist Party of China [CPC].

While how to deal with a CPC member falls under the jurisdiction of the Justice Ministry, I am still engaging the Justice Minister in dialogue in order to find a workable measure, Mao added.

In a recent meeting, the Cabinet's Mainland Policy Board did not agree on whether to permit Nieh, one of the tough go players in the world, to come here to participate in the final stage of a tournament sponsored by the Ying Chang-chi Go Foundation. The matter is slated for another discussion on 19 November. However, the Foundation has decided to move the match to Seoul because it will be too late to wait for the Cabinet's final decision. The first stage of the contest was held in Peking.

**Commentary on Aid for Yunnan Earthquake Victims**  
*OW1411022388 Taipei International Service  
in English 0200 GMT 11 Nov 88*

**[Station Commentary: Taipei To Aid Yunnan Quake Victims]**

[Text] In an unprecedented move, the majority Kuomintang Party has spearheaded a campaign to send relief aid to victims of a devastating earthquake in the Mainland Chinese province of Yunnan. The aid is being directed through the Republic of China's [ROC's] Red Cross Society, which then passes it on to the mainland Red Cross, via Hong Kong.

The killer quake struck on Monday, November 7th. Its epicenter was in a remote jungle region of Yunnan Province, southwestern Mainland China. Initial reports listed a death toll of some 600 persons. The latest reports, however, indicate that the number of dead will most likely rise above 1000.

In the past, the Republic of China on Taiwan did not have the mechanisms or channels in place to aid Mainland Chinese disaster victims. But in the current climate of increasing people-to-people contacts across the Taiwan Strait, the majority party felt that emergency aid programs could be carried out.

The decision came at the weekly meeting of the Kuomintang on Wednesday. ROC President Li Teng-hui, who is also chairman of the party, told central Standing Committee members that it was proper to separate the people

of Mainland China from their Communist rulers, when formulating policy. Thus, he implied, it would be perfectly okay for the ROC Government to aid or otherwise contact the mainland people, so long as such contacts do not occur on any official level.

On Wednesday, the party issued an edict calling on all party members to donate cash, food, clothing, and medical supplies to the mainland quake victims. The aid is being funnelled through the Red Cross.

Previously, some aid trickled to the mainland via Hong Kong from the Free China Relief Association [FCRA]. The FCRA has over the years made offers of aid to mainland disaster victims, but Peking has turned down the offer each time.

In a move of its own, the Red Cross Society here has opened postal bank accounts to accept donations from private citizens and groups. Persons may go to any post office island-wide to remit contributions.

The government expects turnout to be quite heavy since this is the first time many charity groups can aid mainland disaster victims.

In November 1987, the ROC Government lifted the ban of visits to the mainland by Taiwan Chinese who have relatives there. Since then, more than 200,000 have gone across the strait, via Hong Kong, to hold family reunions. A typical Taiwan traveler will carry large quantities of gifts, often including refrigerators and TVs, as well as many small ticket items such as watches, gold rings, and clothes.

At the Kuomintang's Central Standing Committee Wednesday, the shared feeling among officials was that if it was okay for Taiwan Chinese to carry such personal gifts to mainland relatives, it would certainly be okay for Taipei to institutionalize, with the help of the Red Cross, disaster relief programs for the mainland. And, unlike the inclinations of days past, the ROC Government has no ulterior motives, or strings attached, to this new aid effort.

**Small Enterprises Hire Mainland Workers**  
*OW1411073288 Taipei CHINA POST in English*  
*8 Nov 88 p 12*

[Text] In the face of a labor shortage and rising labor costs, both smaller enterprises in southern Taiwan and building contractors in Taipei have recruited laborers from Mainland China as alien workers from Southeast Asian countries, a high-ranking Taipei City government official said yesterday.

The official, who asked not to be named, said the hiring of Mainland Chinese laborers is an open secret. "What's wrong with letting Chinese people (from the mainland) earn money from other Chinese (on Taiwan)?" he asked.

One contractor said the Taipei City government's own construction projects employ mainland workers who came to Taiwan with fake foreign passports or slipped into the island on fishing boats.

He said the authorities have turned a blind eye to the mainland workers, who serve to fill a labor shortage that has caused major public construction projects to fall seriously behind schedule.

The National Police Administration said it recently found three Mainland Chinese workers holding ROC [Republic of China] passports.

Local contractors said mainland construction workers here are usually paid about NT [new Taiwan] \$500 per day, far less than the NT\$1,400 to NT\$2,000 paid to local laborer.

Moreover, mainland workers are more industrious than their local counterparts due to their "sensitive positions," the contractors said.

Officials of the Labor Commission said Mainland Chinese workers cannot be considered alien workers, who are defined as workers holding foreign passports or having no nationality.

In other words, the labor officials said, there are no regulations governing the employment of workers from across the Taiwan Strait.

**Government Rules Out 'Dual Recognition' Policy**  
*OW1511005388 Taipei CNA in English 1615 GMT*  
*14 Nov 88*

[Text] Taipei, Nov. 14 (CNA)—Foreign Minister Lien Chan Monday reiterated that the government will in no way adopt a "dual recognition" foreign policy which, he said, is unrealistic in terms of the national interest.

Replying to a query by Legislator Hsuan Yi-wen, Minister Lien pointed out that as the Peiping regime has never abandoned its insistence on "one nation, two systems" and its option of invading Taiwan by force, and as the Republic of China [ROC] stands firmly on a "one China" policy, the concept of "dual recognition" would be difficult to implement.

Lien's statement came two days after the announcement of an agreement between the China mainland and Saudi Arabia to exchange trade offices. The agreement has triggered speculation that Riyadh would soon switch diplomatic recognition from Taipei to Peiping.

Lien said that as news of the agreement has been unilaterally announced by the China mainland only, the Ministry of Foreign Affairs is closely watching the developments.

Lien added that Saudi Arabia, has officially notified the ROC Government that ROC-Saudi friendly relations remain unchanged.

The foreign minister emphasized that ROC-Saudi ties are based not only on traditional friendship, but also on common national interests. He added that Saudi King Fahd has repeatedly said that his kingdom bought arms, but not ideology from communist China.

**Cooperation With South Africa To Strengthen**  
*OW1211095888 Taipei CNA in English 0435 GMT  
12 Nov 88*

[Text] Taipei, Nov. 12 (CNA)—The Republic of China [ROC] and the Republic of South Africa will strengthen economic cooperation and technological exchange as well as exchange experience on economic construction and development so as to strengthen mutual interests, South African Transport Minister E. van der M. Louw said Friday.

Van der M. Louw stressed that cooperation between the two countries in past years was a pleasant thing. He described the cooperative experience as close as "a hand and a glove."

The South African minister also said at a press conference at the South African Embassy in Taipei prior to departing at the end of a five - day visit to the ROC that he has been appointed by his government to act as coordinator for future ROC - RSA cooperation projects.

More cooperation agreements will be signed in the near future, he predicted.

He said he was deeply impressed with the ROC's economic progress and prosperity and the hospitality and kindness of the Chinese people.

Van der M. Louw arrived in Taipei last Monday for a four-day visit at the invitation of ROC Communications Minister Kuo Nan-hung.

**New Costa Rican Ambassador Arrives 10 Nov**  
*OW1311065988 Taipei CNA in English 1524 GMT  
11 Nov 88*

[Text] Taipei, Nov. 11 (CNA)—The new Costa Rican Ambassador to the Republic of China [ROC] Francisco Tucsan Lam, arrived in Taipei late Thursday [10 November] night to assume his new office.

Lam, 56, is a Costa Rican of Chinese origin who can speak Cantonese. He graduated from Mexico University's Medical School and previously served as secretary general of Costa Rica's Public Security Ministry and minister of that country's consulate in Japan.

Lam will call at the Foreign Ministry and presidential office to present his credentials in a couple of days.

On hand to greet him at Chiang Kai-shek International Airport were Hoang Sieou-je, the Foreign Ministry's protocol chief, and Wu Ming-kuang, minister of the Costa Rican Embassy in the ROC.

**National Assembly Delegation Visits Peru**  
*OW1311101588 Taipei CNA in English 1025 GMT  
12 Nov 88*

[Text] Lima, Nov. 11 [date as received] (CNA)—A goodwill mission of the Republic of China national assemblymen to the U.S. and Central and South America arrived in Lima Friday morning from Venezuela for a two-day visit in Peru.

The 18-member mission is led by Cheng Yen-wen. Before arriving in Peru they had visited the U.S., Guatemala, Costa Rica, Panama, Dominican Republic and Venezuela.

Shortly after their arrival at the international airport, the mission flew to Iquitos, a northern Amazonic city of Peru for sightseeing.

While here, the mission will also make a study on the spot on Peru's general political and economic situations.

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